

Doing Business 2010

Lao PDR

COMPARING REGULATION IN 183 ECONOMIES



© 2009 The International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington, D.C. 20433
Telephone 202-473-1000
Internet www.worldbank.org
E-mail feedback@worldbank.org

All rights reserved.
1 2 3 4 08 07 06 05

A copublication of The World Bank and the International Finance Corporation.

This volume is a product of the staff of the World Bank Group. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work.

Rights and Permissions

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone 978-750-8400; fax 978-750-4470; Internet: www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2422; e-mail: pubrights@worldbank.org.

Additional copies of *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org

ISBN: 978-0-8213-7961-5
E-ISBN: 978-0-8213-7965-3
DOI: 10.1596/978-0-8213-7961-5
ISSN: 1729-2638

Library of Congress Cataloging-in-Publishing Data has been applied for.

Printed in the United States.

Current features

News on the *Doing Business* project

www.doingbusiness.org

Rankings

How economies rank-from 1 to 183

www.doingbusiness.org/economyrankings

Reformers

Short summaries of DB2010 reforms, lists of reformers since DB2004 and a ranking simulation tool

www.doingbusiness.org/reformers

Historical data

Customized data sets since DB2004

www.doingbusiness.org/customquery

Methodology and research

The methodologies and research papers underlying *Doing Business*

www.doingbusiness.org/MethodologySurveys

Download reports

Access to *Doing Business* reports as well as subnational and regional reports, reform case studies and customized country and regional profiles

www.doingbusiness.org/downloads

Subnational and regional projects

Differences in business regulations at the subnational and regional level

www.doingbusiness.org/subnational

Law Library

Online collection of business laws and regulations relating to business and gender issues

www.doingbusiness.org/lawlibrary

www.doingbusiness.org/genderlawlibrary

Local partners

More than 8,000 specialists in 183 economies who participate in *Doing Business*

www.doingbusiness.org/LocalPartners

Reformers' Club

Celebrating the top 10 *Doing Business* reformers

www.doingbusiness.org/Reformers/ReformersClub.aspx

Business Planet

Interactive map on the ease of doing business

<http://www.doingbusiness.org/map>

Contents

Introduction and Aggregate Rankings	1
Starting a Business	5
Dealing with Construction Permits	10
Employing Workers	15
Registering Property	19
Getting Credit	24
Protecting Investors	28
Paying Taxes	32
Trading Across Borders	36
Enforcing Contracts	40
Closing a Business	44
Doing Business 2010 Reforms	48

Introduction

Doing Business 2010: Reforming Through Difficult Times is the seventh in a series of annual reports investigating regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured: starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2010: Reforming Through Difficult Times* are current as of June 1, 2009*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and The Caribbean, 27 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Lao PDR. The data used for this country profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator. The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2010: Reforming Through Difficult Times* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

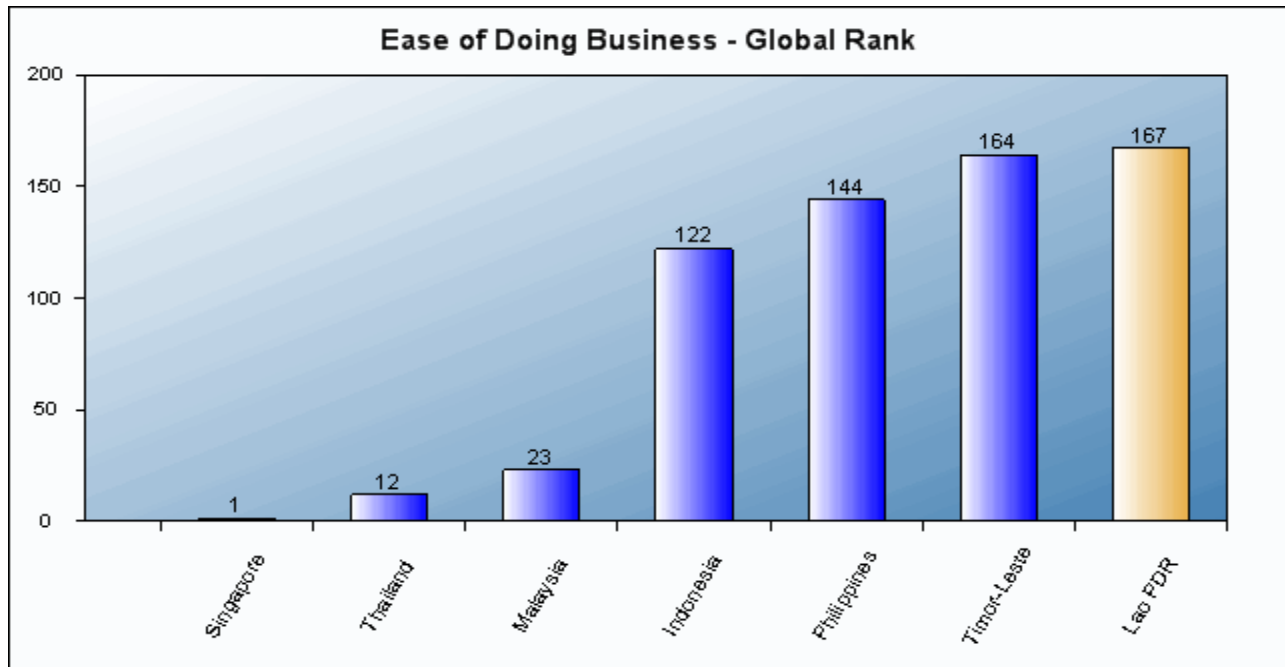
* Except for the Paying Taxes indicator that refers to the period January to December of 2008.

Note: Doing Business 2008 and Doing Business 2009 data and rankings have been recalculated to reflect changes to the methodology and the addition of new countries (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Lao PDR is ranked 167 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Lao PDR - Compared to global good practice economy as well as selected economies:



Lao PDR's ranking in Doing Business 2010

Rank	Doing Business 2010
Ease of Doing Business	167
Starting a Business	89
Dealing with Construction Permits	115
Employing Workers	107
Registering Property	161
Getting Credit	150
Protecting Investors	182
Paying Taxes	113
Trading Across Borders	168
Enforcing Contracts	111
Closing a Business	183

Summary of Indicators - Lao PDR

Starting a Business	Procedures (number)	7
	Time (days)	100
	Cost (% of income per capita)	12.3
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	24
	Time (days)	172
	Cost (% of income per capita)	144.0
Employing Workers	Difficulty of hiring index (0-100)	11
	Rigidity of hours index (0-100)	0
	Difficulty of redundancy index (0-10)	50
	Rigidity of employment index (0-100)	20
	Redundancy costs (weeks of salary)	162
Registering Property	Procedures (number)	9
	Time (days)	135
	Cost (% of property value)	4.1
Getting Credit	Strength of legal rights index (0-10)	4
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10)	0
	Extent of director liability index (0-10)	3
	Ease of shareholder suits index (0-10)	2
	Strength of investor protection index (0-10)	1.7
Paying Taxes	Payments (number per year)	34
	Time (hours per year)	362
	Profit tax (%)	25.2
	Labor tax and contributions (%)	5.6
	Other taxes (%)	2.9
	Total tax rate (% profit)	33.7

Trading Across Borders	Documents to export (number)	9
	Time to export (days)	50
	Cost to export (US\$ per container)	1860
	Documents to import (number)	10
	Time to import (days)	50
	Cost to import (US\$ per container)	2040
Enforcing Contracts	Procedures (number)	42
	Time (days)	443
	Cost (% of claim)	31.6
Closing a Business	Recovery rate (cents on the dollar)	0.0
	Time (years)	no practice
	Cost (% of estate)	no practice

Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed up the process or may decide to run their businesses informally.

Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

Methodology

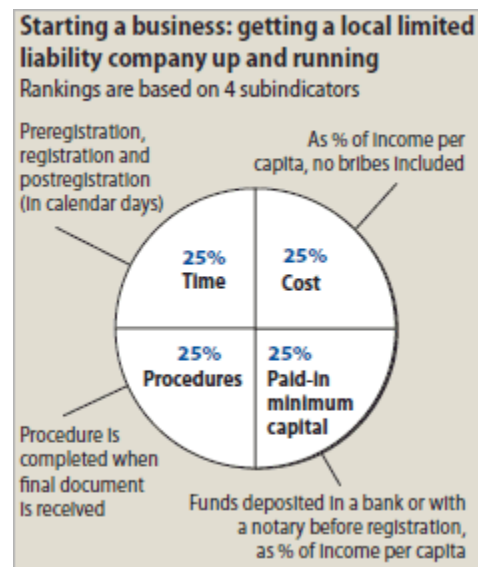
The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

Survey Case Study

The business:

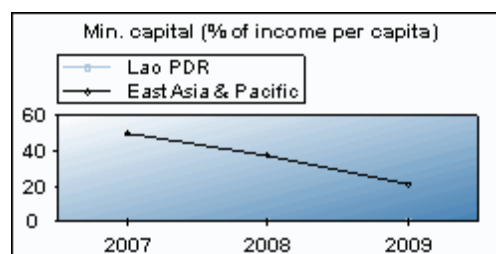
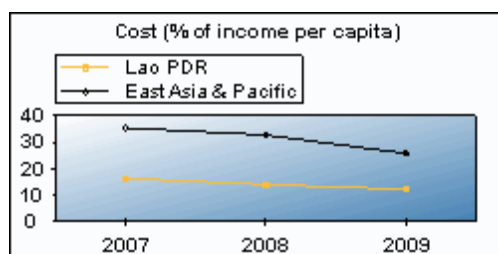
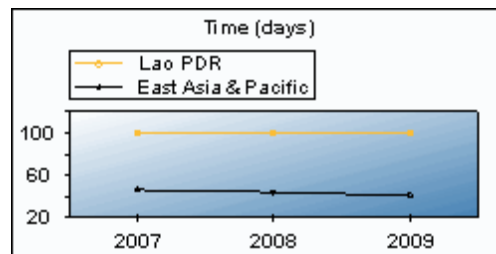
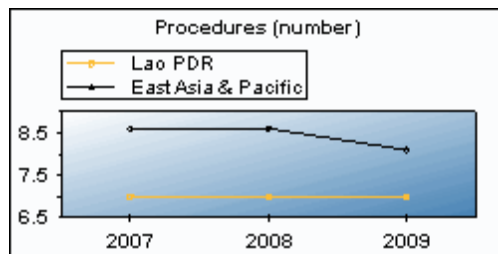
- is a limited liability company conducting general commercial activities
- is located in the largest business city
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has between 10 and 50 employees
- does not qualify for any special benefits
- does not own real estate



1. Historical data: Starting a Business in Lao PDR

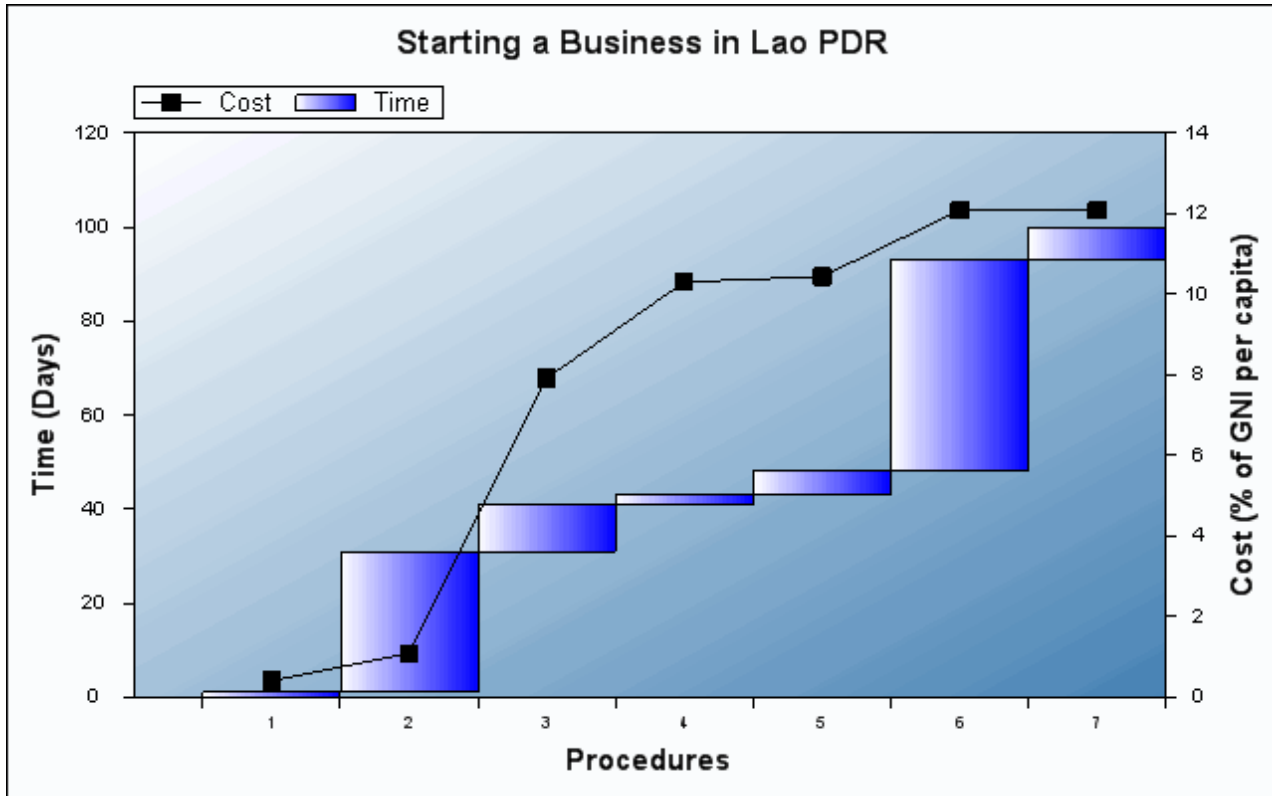
Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	85	89
Procedures (number)	7	7	7
Time (days)	100	100	100
Cost (% of income per capita)	16.3	14.0	12.3
Min. capital (% of income per capita)	0.0	0.0	0.0

2. The following graphs illustrates the Starting a Business indicators in Lao PDR over the past 3 years:



3. Steps to Starting a Business in Lao PDR

It requires 7 procedures, takes 100 days, and costs 12.30 % GNI per capita to start a business in Lao PDR.



List of Procedures:

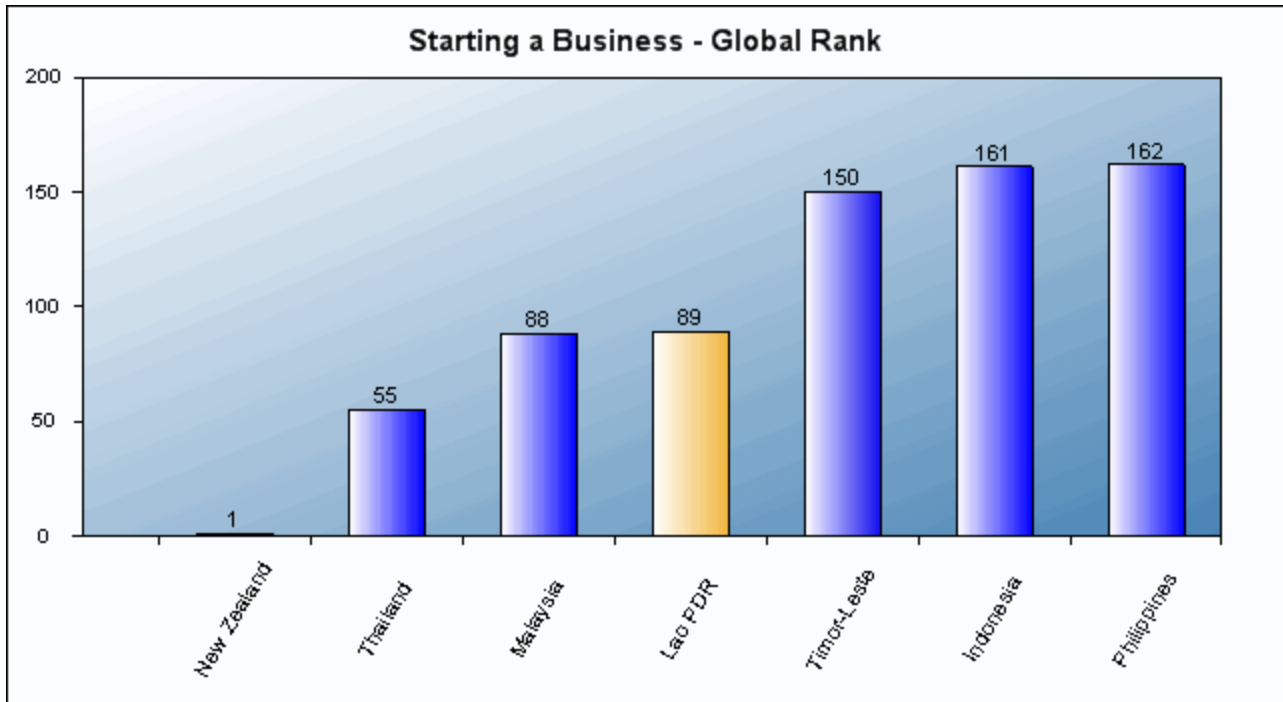
1. Apply for a Name Reservation Certificate
2. Apply for a Domestic Investment License and Approval of Articles of Association
3. Apply for an Enterprise Registration Certificate
4. Apply for a Tax Registration Certificate
5. Obtain Approval of Company Sign
6. Apply for approval and carve a company seal
7. Register the workers for social security

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Lao PDR is ranked 89 overall for Starting a Business.

Ranking of Lao PDR in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Lao PDR	7	100	12.3	0.0

<i>Comparator Economies</i>				
Indonesia	9	60	26.0	59.7
Malaysia	9	11	11.9	0.0
Philippines	15	52	28.2	5.5
Thailand	7	32	6.3	0.0
Timor-Leste	10	83	4.1	202.9

* The following economies are also good practice economies for :

Procedures (number): **Canada**

Cost (% of income per capita): **Slovenia**

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure from government to comply with inspections, with licensing and safety regulations, from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many economies, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Methodology

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

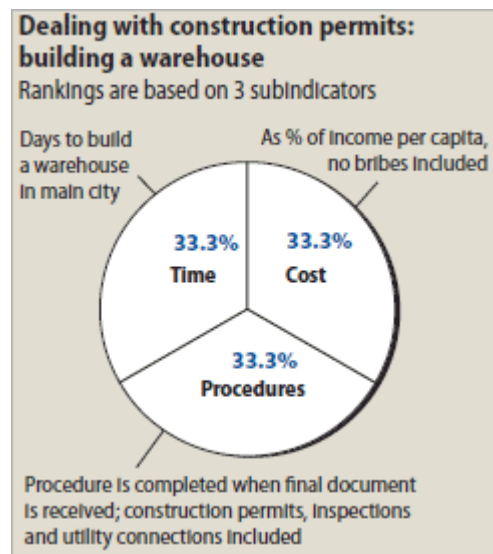
Survey Case Study

The business:

- is a small to medium-size limited liability company
- is located in the largest business city
- is domestically owned and operated, in the construction business
- has 20 qualified employees

The warehouse to be built:

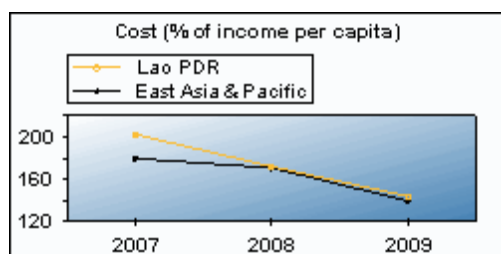
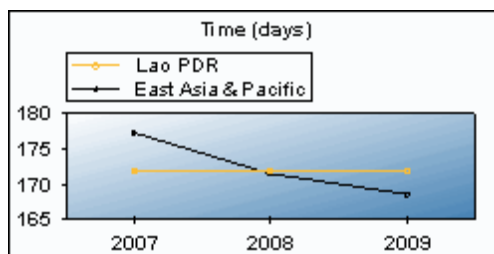
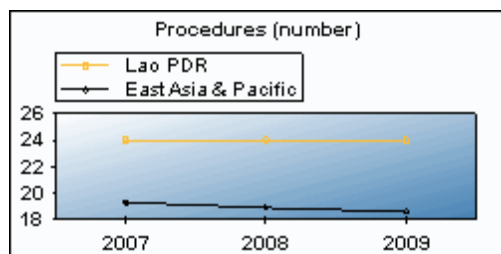
- is a new construction (there was no previous construction on the land)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).



1. Historical data: Dealing with Construction Permits in Lao PDR

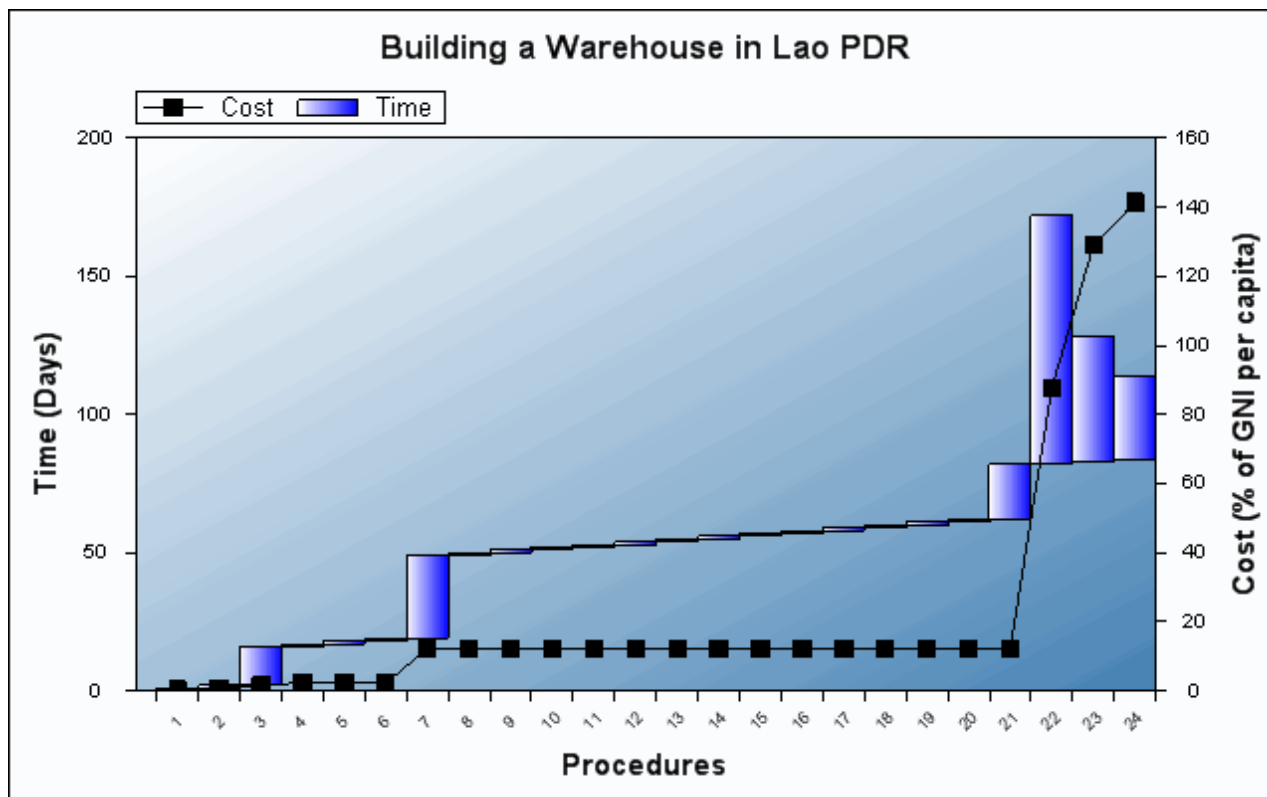
Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	115	115
Procedures (number)	24	24	24
Time (days)	172	172	172
Cost (% of income per capita)	202.4	172.1	144.0

2. The following graphs illustrates the Dealing with Construction Permits indicators in Lao PDR over the past 3 years:



3. Steps to Building a Warehouse in Lao PDR

It requires 24 procedures, takes 172 days, and costs 144.03 % GNI per capita to build a warehouse in Lao PDR.



List of Procedures:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Purchase the application forms to a building permit 2. Request and obtain residence certificate from Village Chief 3. Request and obtain map describing the location of the construction site, and map describing the technical characteristics of the ground 4. Submit building permit application to the district construction division 5. Receive pre-approval inspection from the district construction division 6. Receive pre-approval inspection from the Vientiane Prefecture 7. Obtain building permit from Vientiane Prefecture 8. Receive inspection from committee for management of construction - I | <ol style="list-style-type: none"> 9. Receive inspection from committee for management of construction - II 10. Receive inspection from committee for management of construction - III 11. Receive inspection from committee for management of construction - IV 12. Receive inspection from committee for management of construction - V 13. Receive inspection from committee for management of construction - VI 14. Receive inspection from committee for management of construction - VII 15. Receive inspection from committee for management of construction - VIII 16. Receive inspection from committee for management of construction - IX |
|---|--|

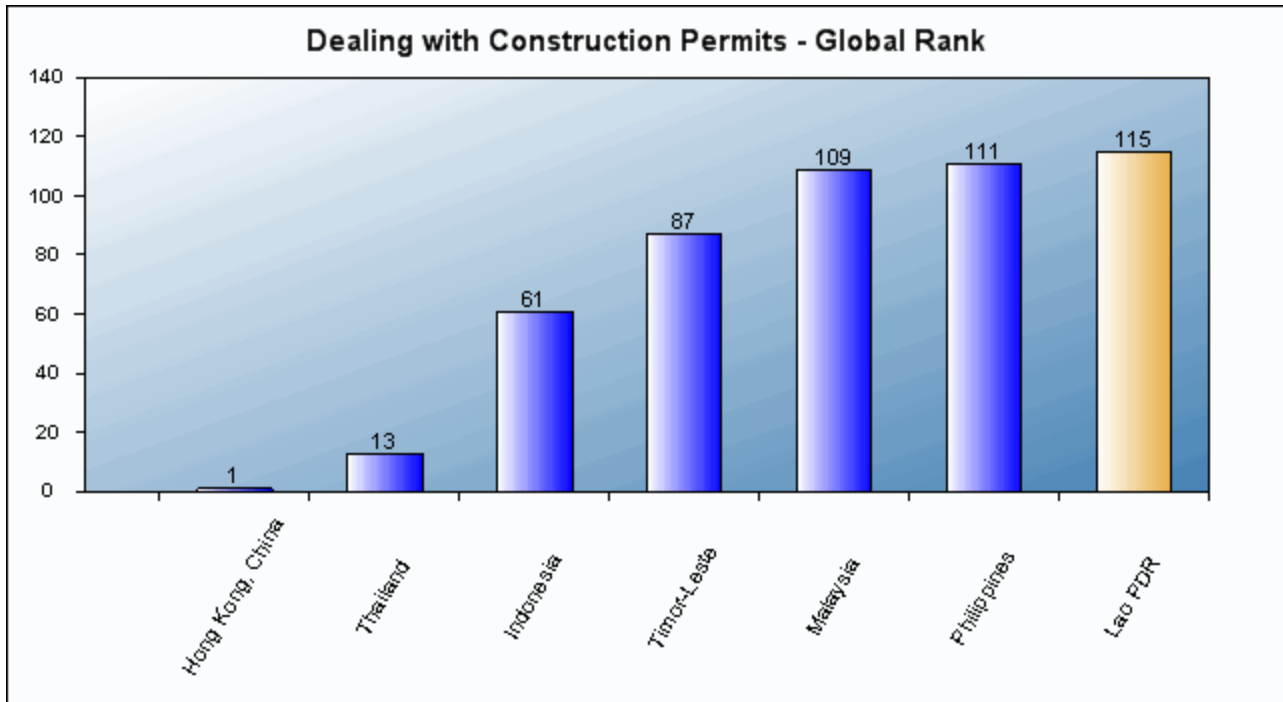
17. Receive inspection from committee for management of construction - X
18. Receive inspection from committee for management of construction - XI
19. Receive inspection from committee for management of construction - XII
20. Request and receive final inspection from committee for management of construction
21. Obtain certificate of completion of building works
22. Request and receive connection to electricity
23. Request and receive connection to water and sewage services
24. Request and receive connection to telephone

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Lao PDR is ranked 115 overall for Dealing with Construction Permits.

Ranking of Lao PDR in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.6
Singapore		25	

<i>Selected Economy</i>			
Lao PDR	24	172	144.0

<i>Comparator Economies</i>			
Indonesia	14	160	194.8
Malaysia	25	261	7.1
Philippines	24	203	81.7
Thailand	11	156	12.1
Timor-Leste	22	208	38.6

Employing Workers

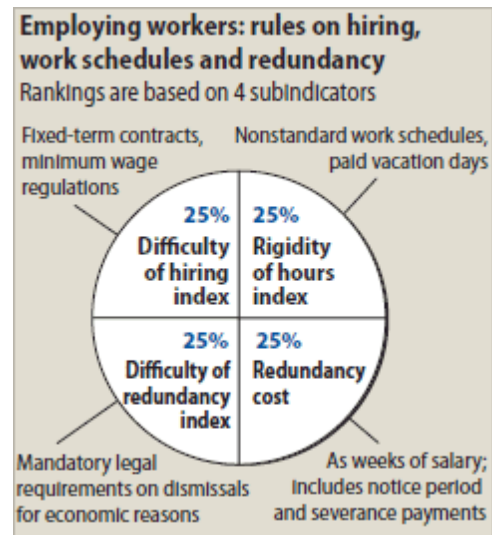
Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth.

Methodology

Two measures are presented: a rigidity of employment index and a redundancy cost measure. The rigidity of employment index is the average of three sub-indices: difficulty of hiring, rigidity of hours and difficulty of redundancy. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek taking into account legal provisions that refer specifically to small to medium-size companies in the manufacturing industry in which continuous operation is economically necessary, as well as mandated days of annual leave with pay. The difficulty of redundancy index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.



The Redundancy cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

Survey Case Study

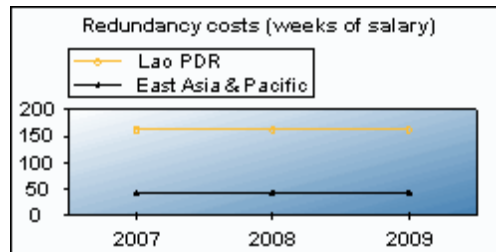
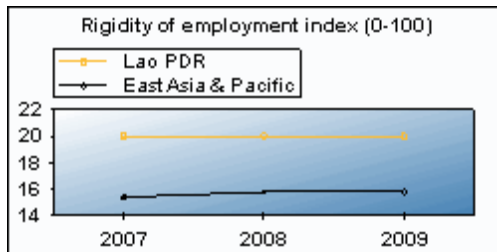
The business:

- is a limited liability company operating in the manufacturing sector
- is located in the largest business city
- is 100% domestically owned
- has 60 employees
- The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

1. Historical data: Employing Workers in Lao PDR

Employing Workers data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	107	107
Redundancy costs (weeks of salary)	162	162	162
Rigidity of employment index (0-100)	20	20	20

2. The following graphs illustrates the Employing Workers indicators in Lao PDR over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Lao PDR is ranked 107 overall for Employing Workers.

Ranking of Lao PDR in Employing Workers - Compared to good practice and selected economies:



The following table shows Employing Workers data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Rigidity of employment index (0-100)	Redundancy costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Lao PDR	20	162

<i>Comparator Economies</i>		
Indonesia	40	108
Malaysia	10	75
Philippines	29	91
Thailand	11	54
Timor-Leste	32	17

* The following economies are also good practice economies for :

Rigidity of employment index (0-100): Australia, Brunei Darussalam, Kuwait, Marshall Islands, Singapore, St. Lucia, Uganda, United States

Redundancy costs (weeks of salary): Denmark, Iraq, Marshall Islands, Micronesia, Fed. Sts., Palau, Puerto Rico, Tonga, United States

Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

Methodology

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed:

- number of procedures to register property
- time to register property (in calendar days)
- official costs to register property (as a percentage of the property value)

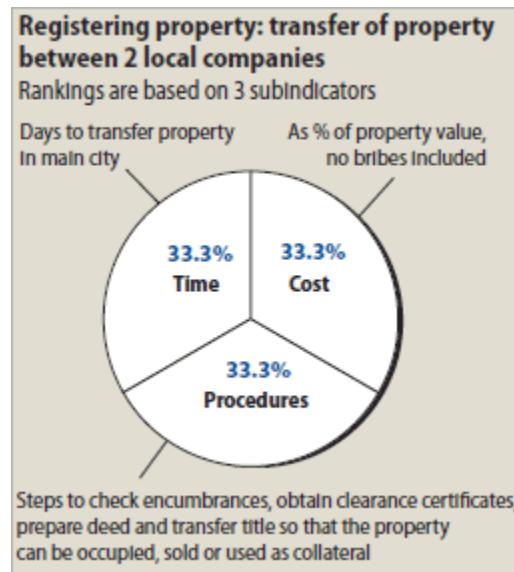
Survey Case Study

The buyer and seller:

- are limited liability companies
- are private nationals (no foreign ownership)
- are located in periurban area of the largest business city
- conduct general commercial activities

The property:

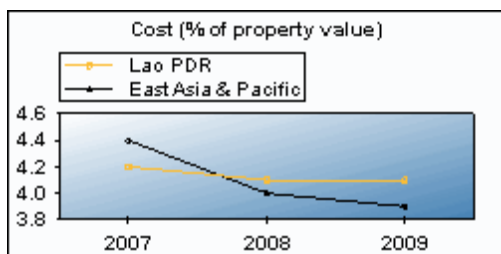
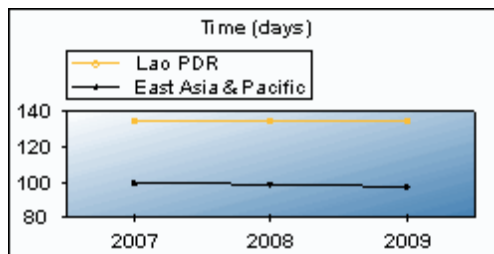
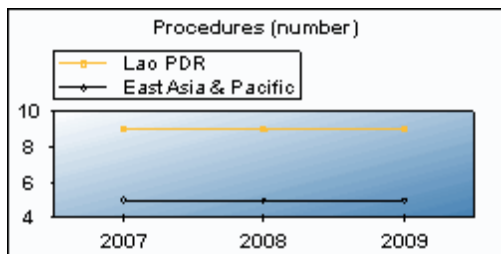
- consists of land and a 2-story building (warehouse)
- is located in the periurban commercial zone of the largest business city
- The land area is 557.4 m² (6,000 square feet).
- The warehouse has a total area of 929 m² (10,000 square feet).
- has a value equal to 50 times income per capita
- The seller company owned the property for the last 10 years.
- is registered in the land registry and/or cadastre and is free of all disputes.



1. Historical data: Registering Property in Lao PDR

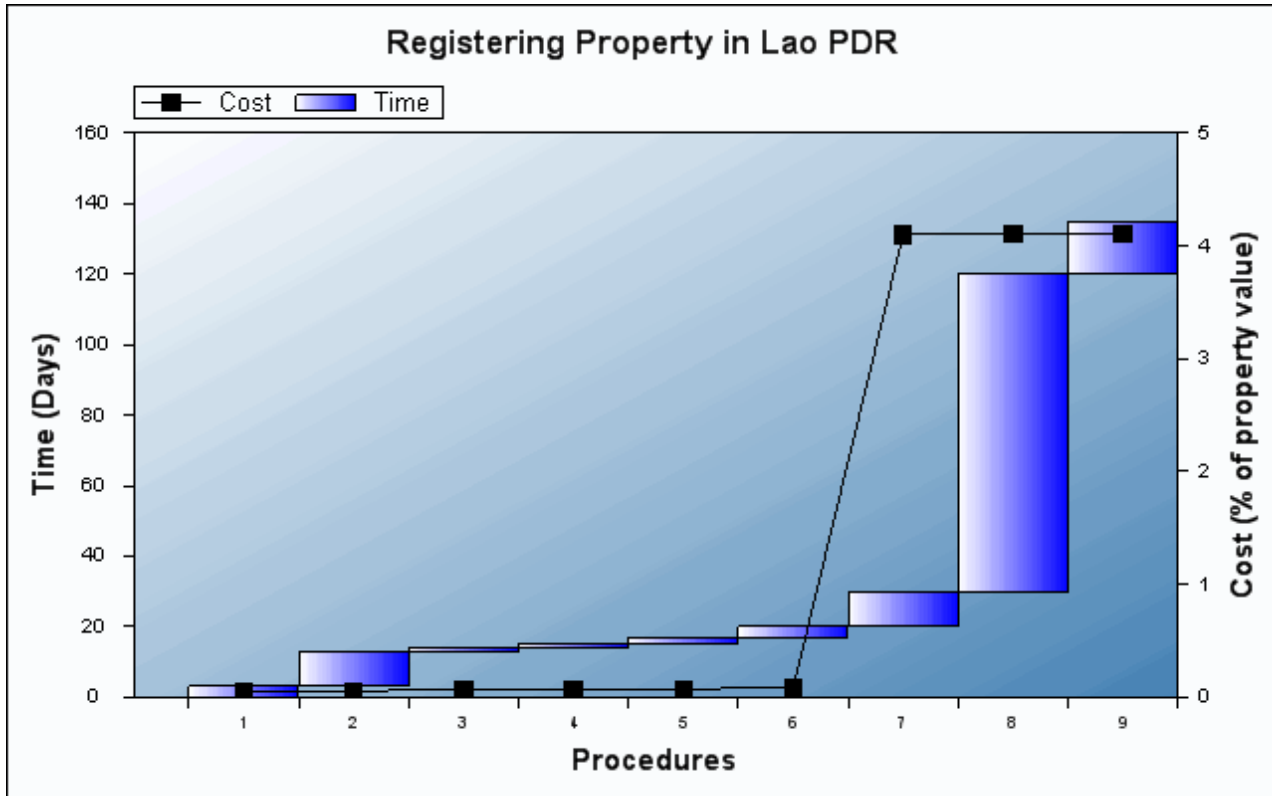
Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	160	161
Procedures (number)	9	9	9
Time (days)	135	135	135
Cost (% of property value)	4.2	4.1	4.1

2. The following graphs illustrates the Registering Property indicators in Lao PDR over the past 3 years:



3. Steps to Registering Property in Lao PDR

It requires 9 procedures, takes 135 days, and costs 4.11 % of property value to register the property in Lao PDR.



List of Procedures:

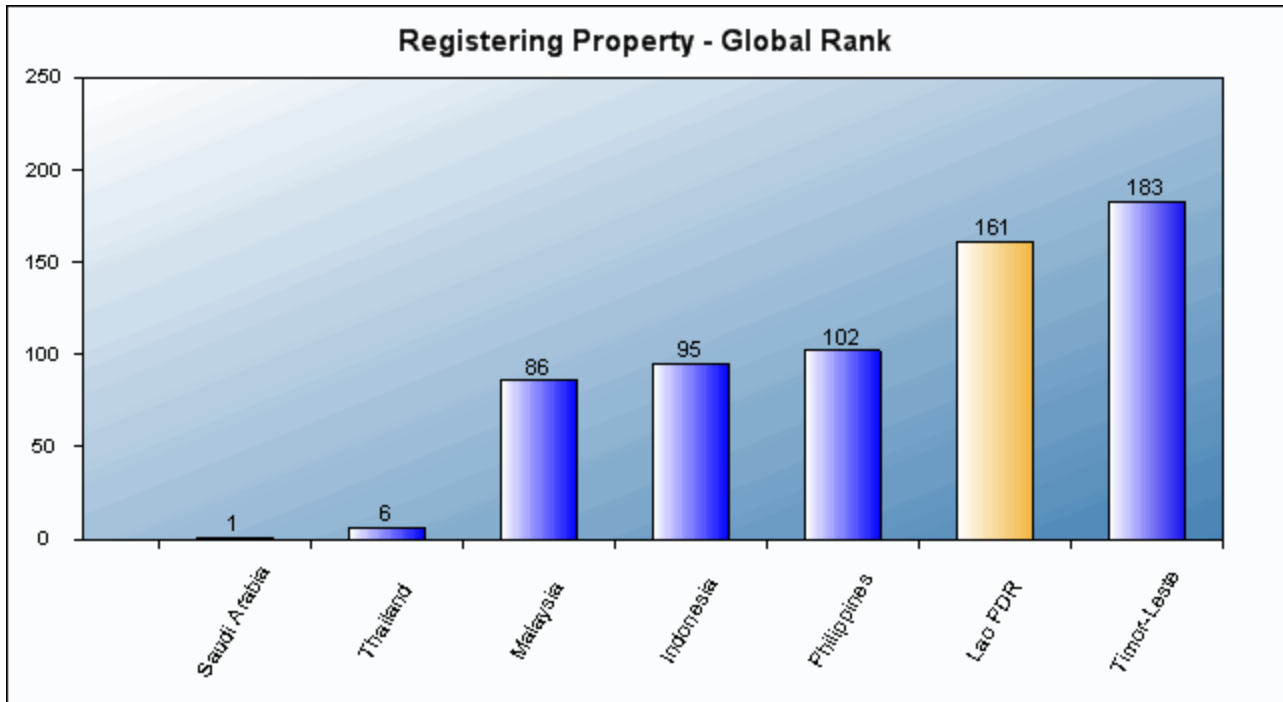
1. Notarization of sale-purchase agreement
2. Inspection of the property by a land official
3. Obtain a certificate of land guarantee and the land map
4. The Village Chief should be informed of the transaction
5. Obtain stamp and signature from the district land office
6. Collect certified information with regard to the purchaser
7. Change of the records in the Land Register Book
8. Give public notice of the transaction
9. The new land deed is delivered to the buyer by the Land Management Authority

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Lao PDR is ranked 161 overall for Registering Property.

Ranking of Lao PDR in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
Lao PDR	9	135	4.1

<i>Comparator Economies</i>			
Indonesia	6	22	10.7
Malaysia	5	144	2.6
Philippines	8	33	4.3
Thailand	2	2	1.1
Timor-Leste	no practice	no practice	no practice

* The following economies are also good practice economies for :

Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. They also free entrepreneurs from having to rely on personal connections alone when trying to obtain credit.

Methodology

Credit information: three indicators are constructed

- depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information
- public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population
- private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population

Legal Rights: the strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Ten points are analyzed:

- Can a business use movable assets as collateral while keeping possession of the assets, and can any financial institution accept such assets as collateral?
- Does the law allow a business to grant a non-possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets?
- Does the law allow a business to grant a non-possessory security right in substantially all of its assets, without requiring a specific description of the secured assets?
- Can a security right extend to future or after-acquired assets and extend automatically to the products, proceeds or replacements of the original assets?
- Is general description of debts and obligations permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties?
- Is a collateral registry in operation that is unified geographically and by asset type as well as being indexed by the name of the grantor of a security right?
- Are secured creditors paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated?
- Are secured creditors subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure?
- Are parties allowed to agree in a collateral agreement that the lender may enforce its security right out of court?

Legal Rights Survey Case Study

The Debtor:

- is a Private Limited Liability Company
- has its headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both debtor and creditor are 100% domestically owned.

Getting credit: collateral rules and credit information

Rankings are based on 2 subindicators

Regulations on nonpossessory security interests in movable property

62.5%
Strength of legal rights index
(0-10)

37.5%
Depth of credit information index
(0-6)

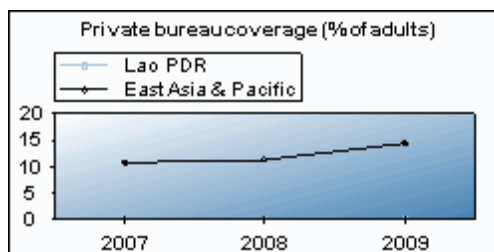
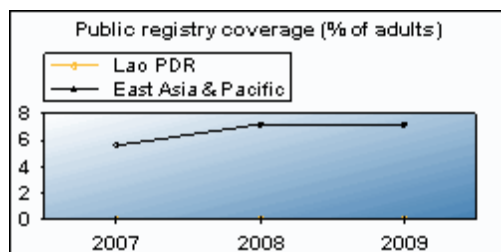
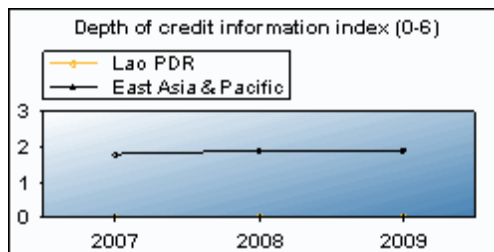
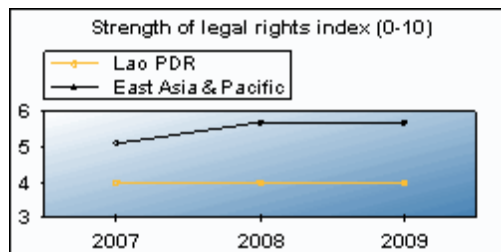
Scope, quality and accessibility of credit information through public and private credit registries

Note: Private bureau coverage and public registry coverage are measured but do not count for the rankings.

1. Historical data: Getting Credit in Lao PDR

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	147	150
Strength of legal rights index (0-10)	4	4	4
Depth of credit information index (0-6)	0	0	0
Private bureau coverage (% of adults)	0.0	0.0	0.0
Public registry coverage (% of adults)	0.0	0.0	0.0

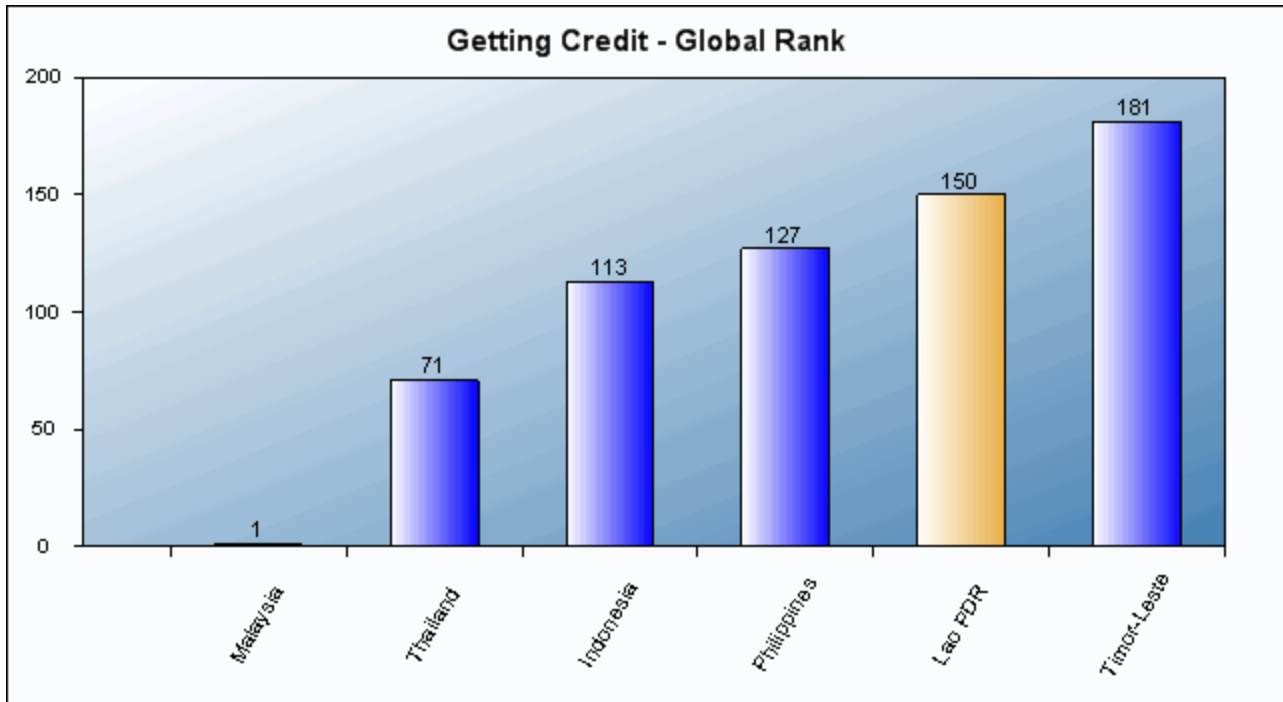
2. The following graphs illustrates the Getting Credit indicators in Lao PDR over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Lao PDR is ranked 150 overall for Getting Credit.

Ranking of Lao PDR in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			81.3	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Lao PDR	4	0	0.0	0.0

<i>Comparator Economies</i>				
Indonesia	3	4	22.0	0.0
Malaysia	10	6	48.5	82.0
Philippines	3	3	0.0	6.1
Thailand	4	5	0.0	32.9
Timor-Leste	1	0	0.0	0.0

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. However, investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections.

Methodology

To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain. Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure. The three indices are:

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.



These three indices are averaged to create the strength of investor protection index.

Survey case study

Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise:

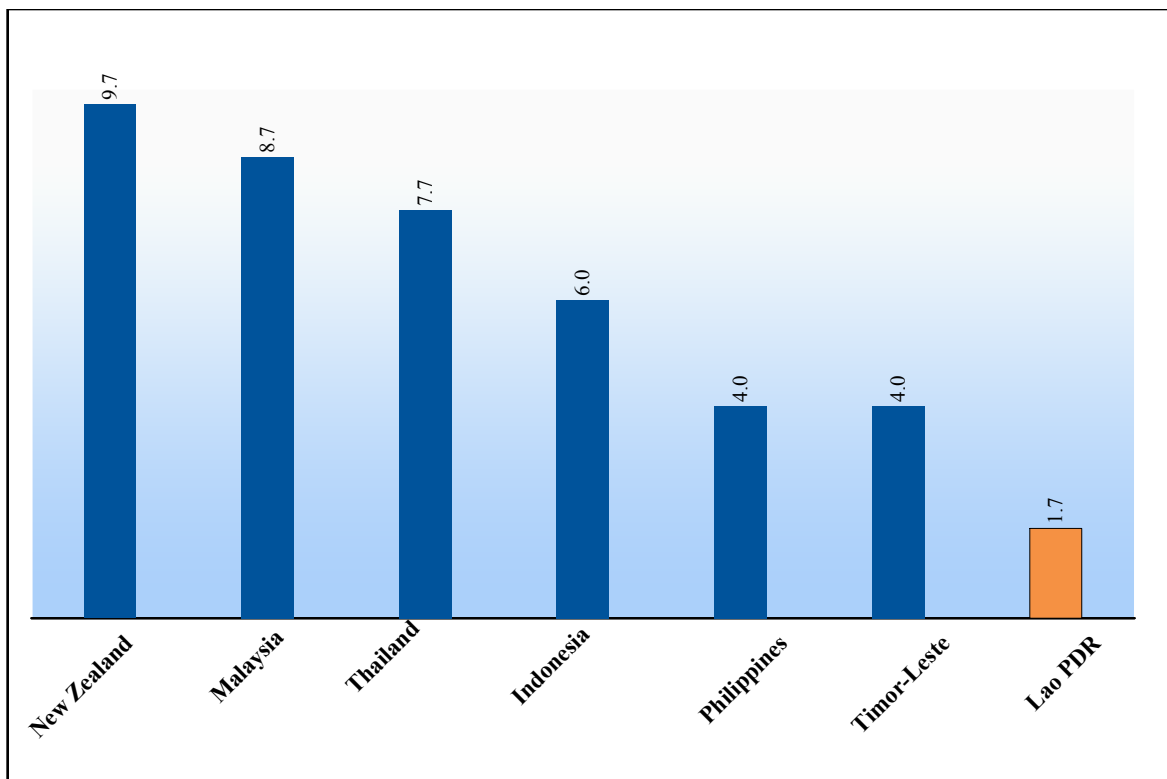
- Who approves the transaction?
- What information must be disclosed?
- What company documents can investors access?
- What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James?

*Dojidge, Kardy and Stulz (2007)

1. Historical data: Protecting Investors in Lao PDR

Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	182	182
Strength of investor protection index (0-10)	1.7	1.7	1.7

2. The following graph illustrates the Protecting Investors index in Lao PDR compared to best practice and selected Economies:

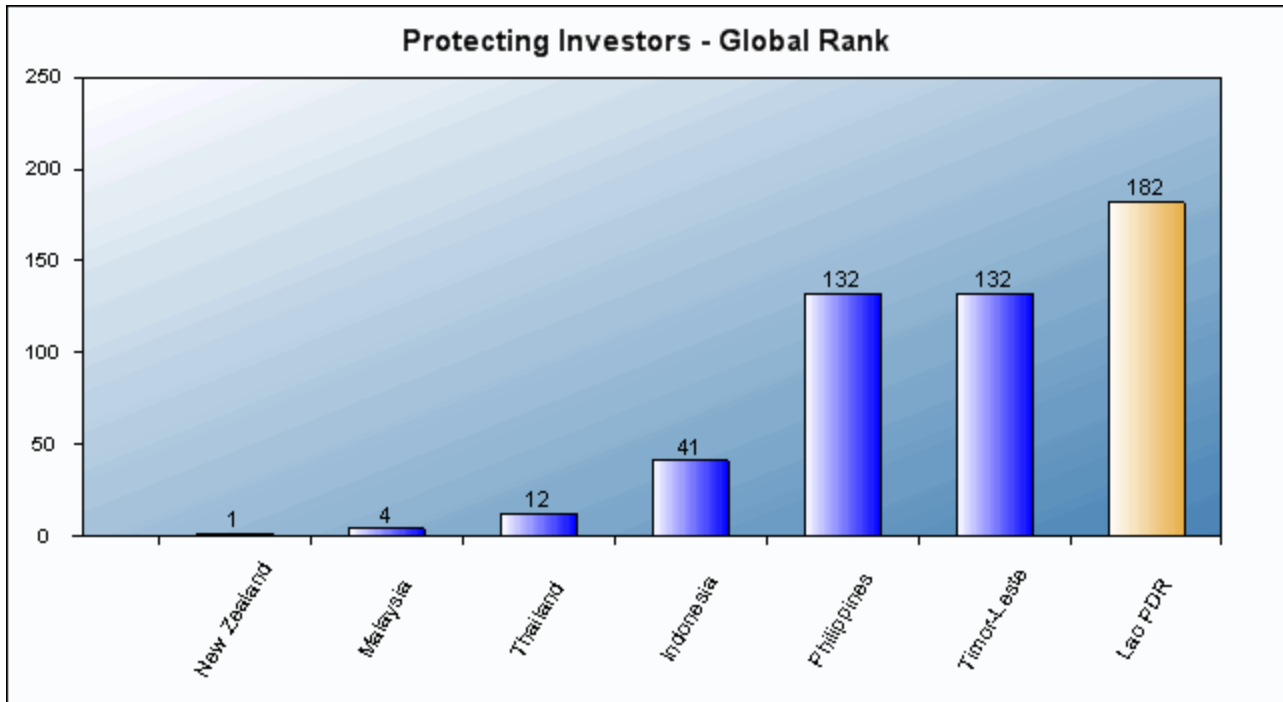


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Lao PDR is ranked 182 overall for Protecting Investors.

Ranking of Lao PDR in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

<i>Selected Economy</i>	
Lao PDR	1.7

<i>Comparator Economies</i>	
Indonesia	6.0
Malaysia	8.7
Philippines	4.0
Thailand	7.7
Timor-Leste	4.0

Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

Methodology

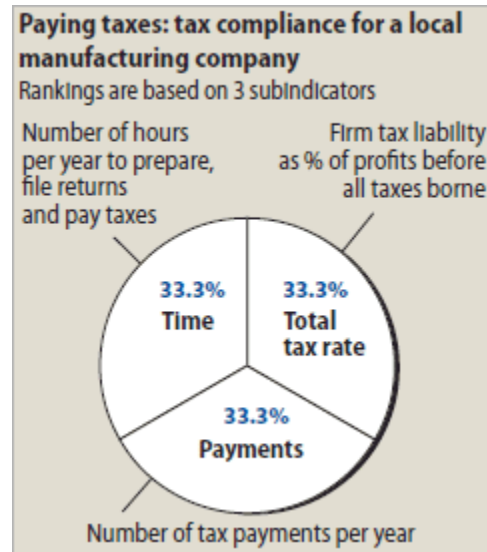
The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so.

Three indicators are constructed:

- number of tax payments, which takes in to account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Survey case study

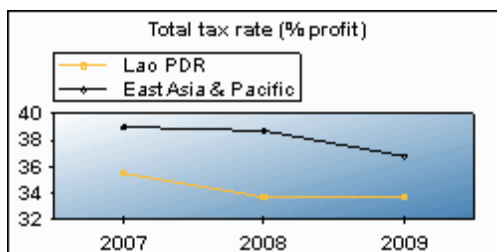
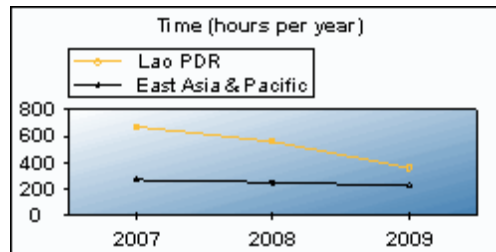
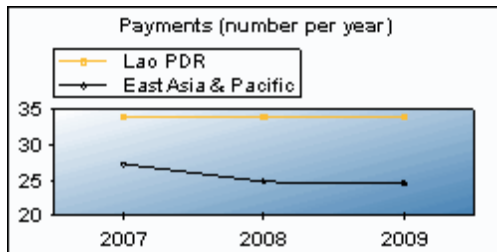
- TaxpayerCo is a medium-size business that started operations last year. Doing Business asks tax practitioners in 183 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.



1. Historical data: Paying Taxes in Lao PDR

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	118	113
Total tax rate (% profit)	35.5	33.7	33.7
Payments (number per year)	34	34	34
Time (hours per year)	672	560	362

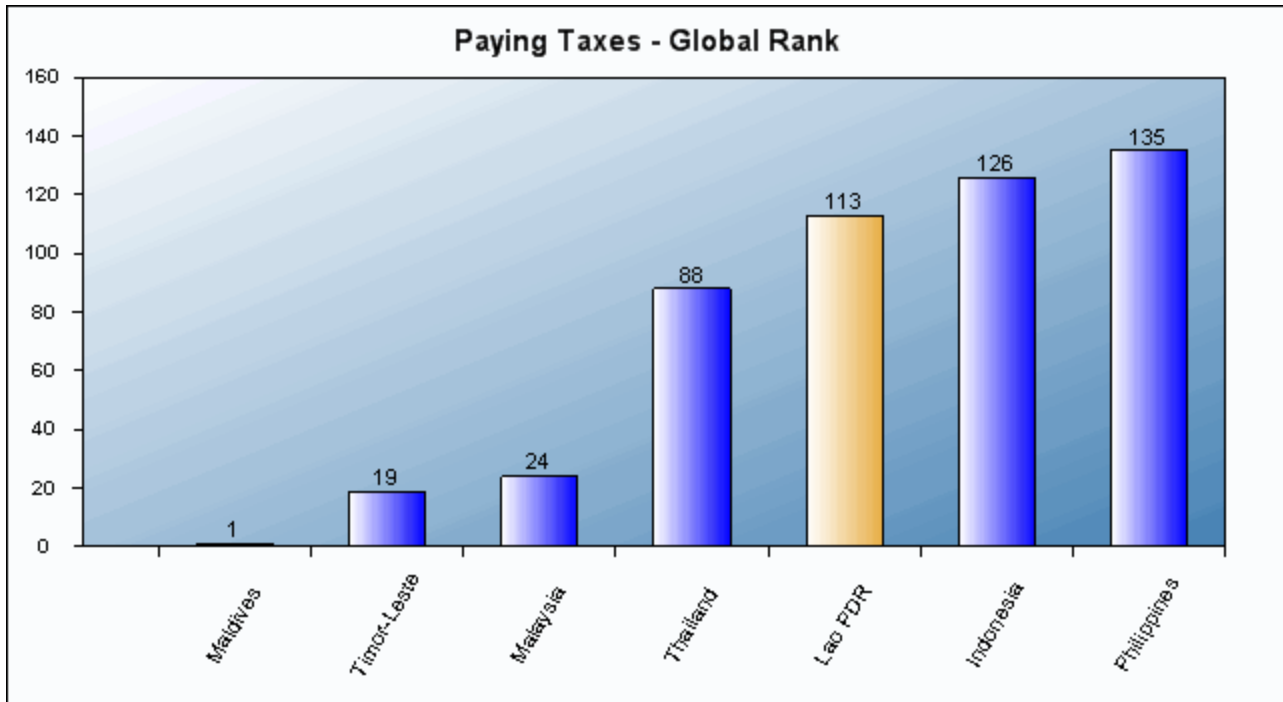
2. The following graphs illustrates the Paying Taxes indicators in Lao PDR over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Lao PDR is ranked 113 overall for Paying Taxes.

Ranking of Lao PDR in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	1	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Lao PDR	34	362	33.7

<i>Comparator Economies</i>			
Indonesia	51	266	37.6
Malaysia	12	145	34.2
Philippines	47	195	49.4
Thailand	23	264	37.2
Timor-Leste	6	276	0.2

* The following economies are also good practice economies for :

Payments (number per year): Qatar

Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Methodology

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars.

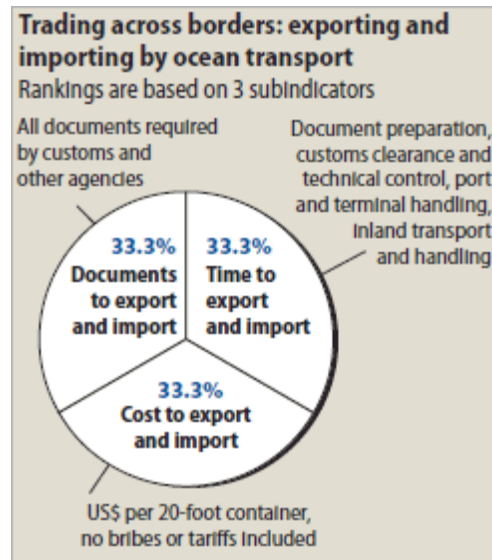
All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

Survey case study

To make the data comparable across countries, several assumptions about the business and the traded goods are used:

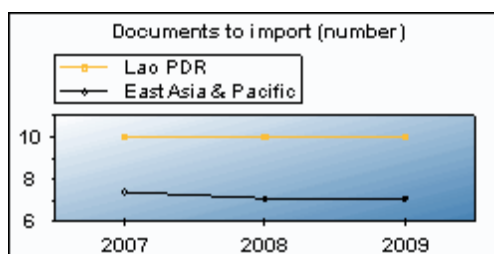
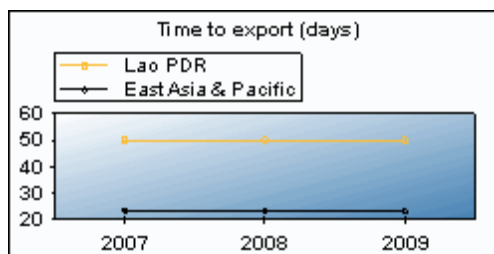
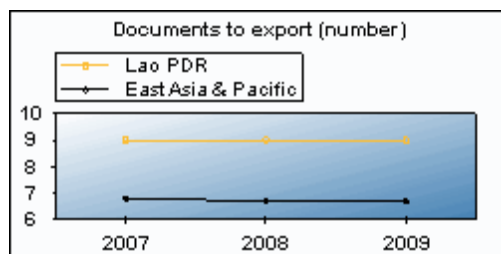
- The business is of medium size.
- The business employs 60 people.
- The business is located in the peri-urban area of the economy's largest business city.
- The business is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy.
- The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

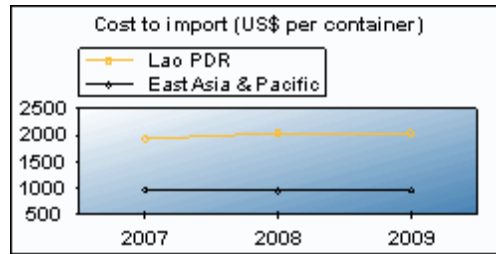
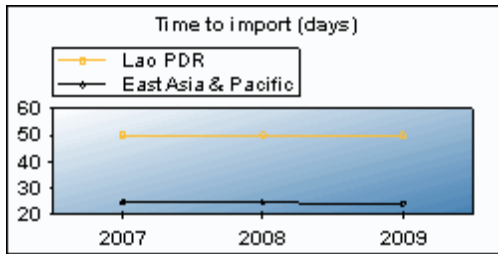


1. Historical data: Trading Across Borders in Lao PDR

Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	168	168
Cost to export (US\$ per container)	1750	1860	1860
Cost to import (US\$ per container)	1930	2040	2040
Documents to export (number)	9	9	9
Documents to import (number)	10	10	10
Time to export (days)	50	50	50
Time to import (days)	50	50	50

2. The following graphs illustrates the Trading Across Borders indicators in Lao PDR over the past 3 years:

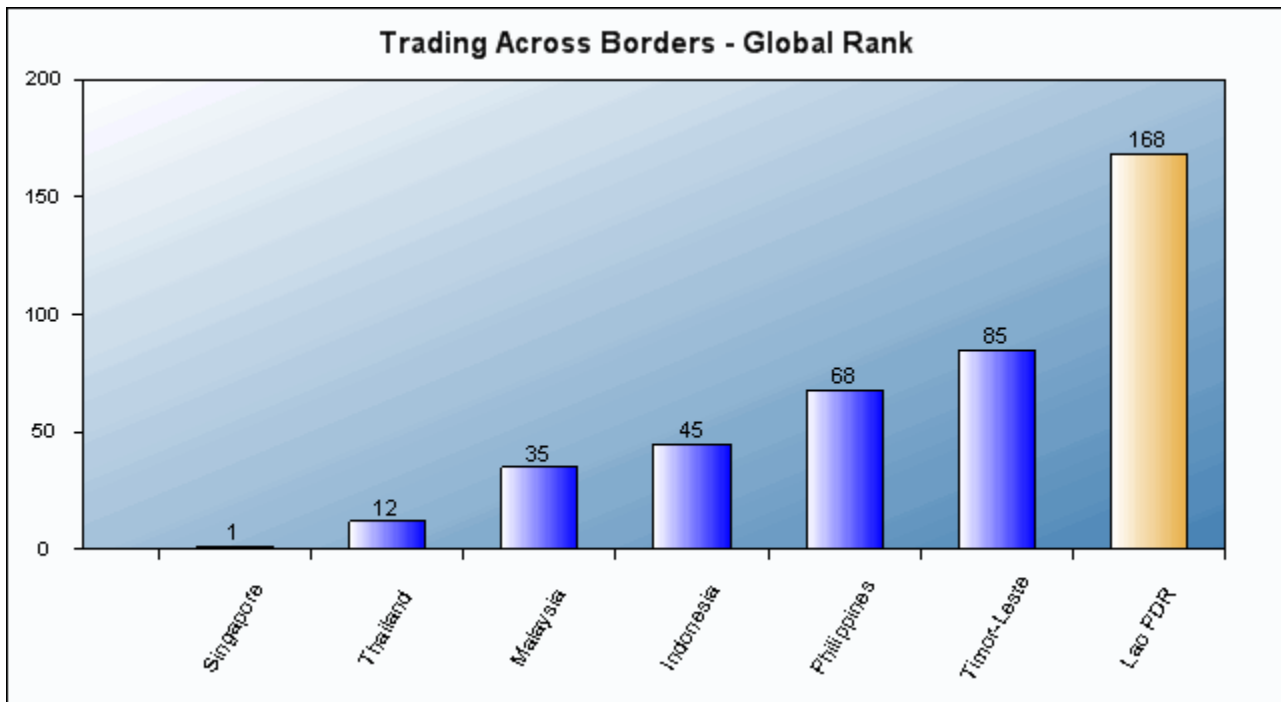




3. Benchmarking Trading Across Borders Regulations:

Lao PDR is ranked 168 overall for Trading Across Borders.

Ranking of Lao PDR in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					3	439

<i>Selected Economy</i>						
Lao PDR	9	50	1860	10	50	2040

<i>Comparator Economies</i>						
Indonesia	5	21	704	6	27	660
Malaysia	7	18	450	7	14	450
Philippines	8	16	816	8	16	819
Thailand	4	14	625	3	13	795
Timor-Leste	6	25	1010	7	26	1015

* The following economies are also good practice economies for :

Time to export (days): Estonia

Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is collected through study of the codes of civil procedure and other court regulations as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

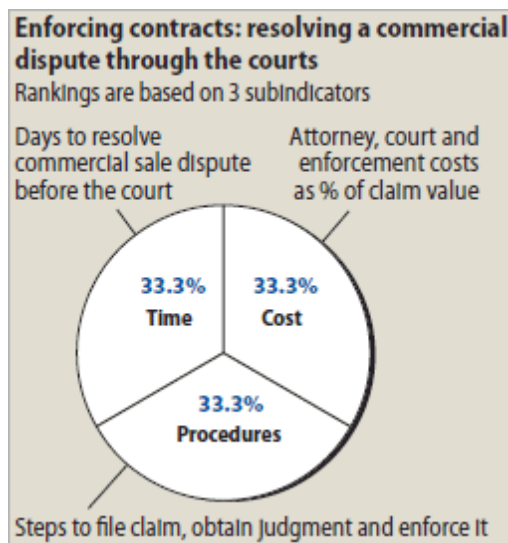
Methodology

Rankings on enforcing contracts are based on 3 sub-indicators:

- number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Survey case Study

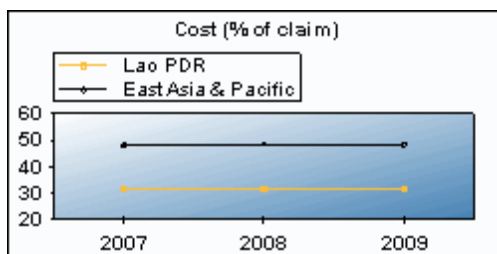
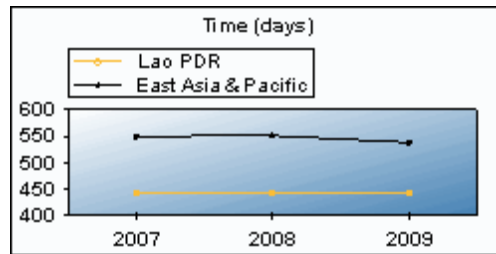
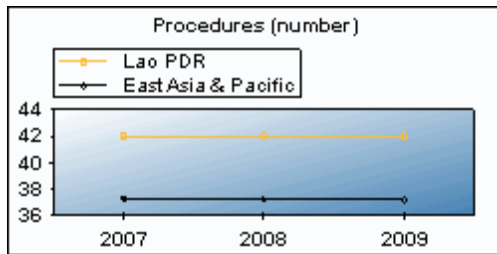
- The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer).
- Both are located in the economy's largest business city.
- The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.
- The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita).
- The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits.
- Judgment is 100% in favor of the Seller and is not appealed.
- The Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.



1. Historical data: Enforcing Contracts in Lao PDR

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	111	111
Procedures (number)	42	42	42
Time (days)	443	443	443
Cost (% of claim)	31.6	31.6	31.6

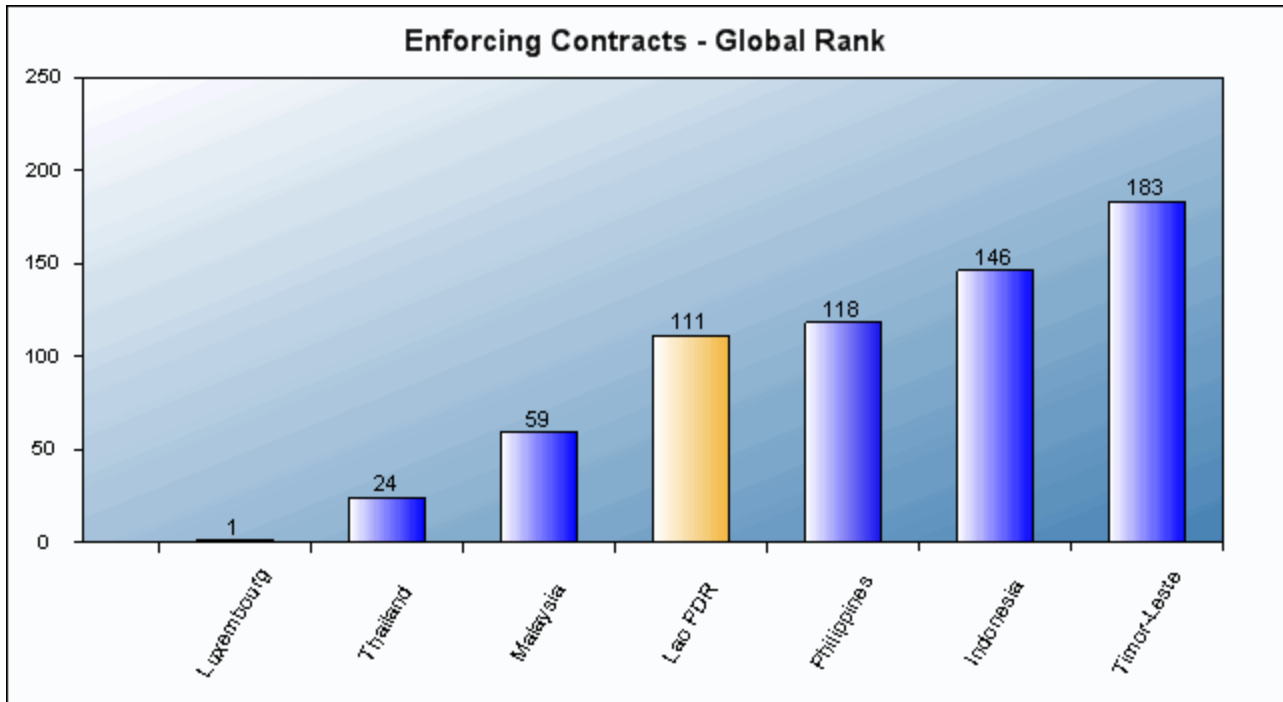
2. The following graphs illustrates the Enforcing Contracts indicators in Lao PDR over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Lao PDR is ranked 111 overall for Enforcing Contracts.

Ranking of Lao PDR in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

<i>Selected Economy</i>			
Lao PDR	42	443	31.6

<i>Comparator Economies</i>			
Indonesia	39	570	122.7
Malaysia	30	585	27.5
Philippines	37	842	26.0
Thailand	35	479	12.3
Timor-Leste	51	1435	163.2

Closing a Business

The economic crises of the 1990s in emerging markets, from East Asia to Latin America, from Russia to Mexico, raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

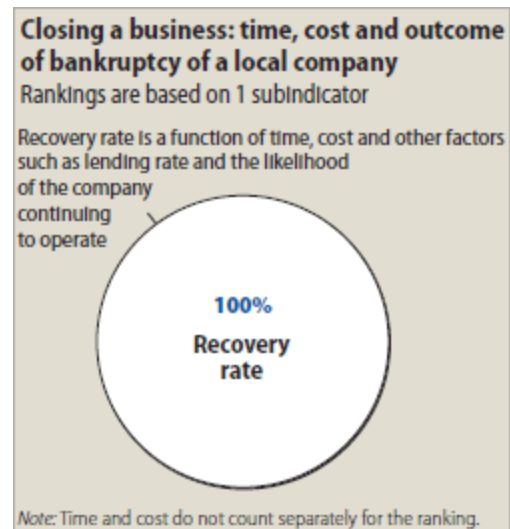
Methodology

Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate, how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Survey case study

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that:

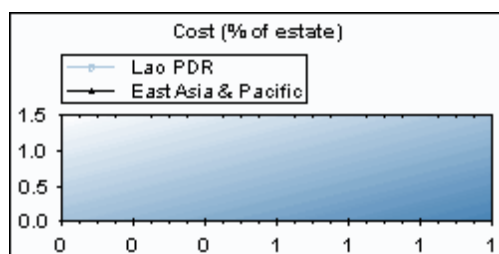
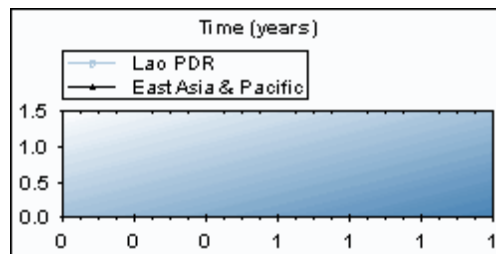
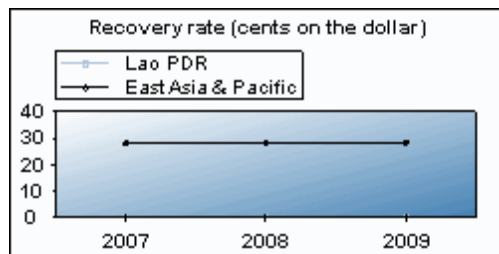
- the company is a domestically owned
- the company is a limited liability corporation operating a hotel in the country's largest business city
- the company has 201 employees, 1 main secured creditor and 50 unsecured creditors
- Assumptions are also made about the future cash flows.
- The case is designed so that the company has a higher value as a going concern, that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation.
- The data are derived from questionnaires answered by attorneys at private law firms.



1. Historical data: Closing Business in Lao PDR

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010
Rank	..	183	183
Time (years)	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0.0	0.0	0.0

2. The following graphs illustrates the Closing Business indicators in Lao PDR over the past 3 years:



3. Benchmarking Closing Business Regulations:

Lao PDR is ranked 183 overall for Closing a Business.

Ranking of Lao PDR in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Lao PDR compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.5		
Singapore*			1

<i>Selected Economy</i>			
Lao PDR	0.0	no practice	no practice

<i>Comparator Economies</i>			
Indonesia	13.7	5.5	18
Malaysia	38.6	2.3	15
Philippines	4.4	5.7	38
Thailand	42.4	2.7	36
Timor-Leste	0.0	no practice	no practice

* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

Doing Business 2010 Reforms

Number of reforms in Doing Business 2010

Rank	Economy	Reforms									Total number of reforms	
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts		Closing a Business
1	Rwanda	✓		✓	✓	✓	✓		✓		✓	7
2	Kyrgyz Republic	✓	✓	✓	✓	✓		✓	✓			7
3	Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓				7
4	Belarus	✓	✓	✓	✓			✓	✓			6
5	United Arab Emirates	✓	✓						✓			3
6	Moldova	✓			✓			✓				3
7	Colombia	✓	✓		✓	✓	✓	✓	✓		✓	8
8	Tajikistan	✓	✓		✗	✓	✓				✓	5
9	Egypt, Arab Rep.	✓	✓			✓			✓			4
10	Liberia	✓	✓					✓				3
	Lao PDR							✓				1
	Thailand	✓										1
	Timor-Leste							✓				1
	Malaysia	✓							✓			2
	Indonesia	✓			✓		✓					3
	Philippines					✓		✓			✓	3

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Belarus	Belarus eased the process for getting construction permits by simplifying approval processes. Restrictions relating to redundancy dismissals were eased by raising the threshold for prior notification requirements. Tax payments were made more convenient through increased use of electronic systems—reducing tax compliance times—while lower ecological and turnover tax rates and a reduction in the number of payments for property tax reduced the tax burden on businesses. Property registration continues to improve, with faster processing and elimination of the requirement for notarization. Business start-up was eased by simplifying registration formalities, abolishing the minimum capital requirement, limiting the role of notaries, and removing the need for a company seal approval. Implementation of a risk-based management system and improvement of border crossing operations reduced transit times for trade.
Colombia	Colombia passed several decrees continuing its efforts to regulate the profession of insolvency administrators. The government eased the construction permit process with a new construction decree that categorizes building projects based on risk and allows electronic verification for certain documents. Access to credit improved thanks to a new credit information law that guarantees the right of borrowers to inspect their own data and new rules that make it mandatory for credit providers to consult and share information with credit bureaus. The tax burden on businesses was eased with the introduction of electronic tax filing and payment, and some payments were reduced. An amendment to the Company Law strengthened investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was made easier by making it possible to obtain required certificates online and by making standard preliminary sale agreements available free of charge. Business start-up was made easier by creating a public-private health provider that enables faster affiliation of employees and through a tool that allows online pre-enrollment with the social security office. Implementation of an electronic declaration system has expedited customs clearance.
Egypt, Arab Rep.	The Arab Republic of Egypt, a former global leading reformer and a regional leading reformer in 2008/09, continued to make it easier to deal with construction permits by issuing executive articles for the 2008 construction law and eliminating most preapprovals for construction permits. Contract enforcement was expedited with the creation of commercial courts. Access to credit information has expanded with the addition of retailers to the database of the private credit bureau. Finally, company start-up was eased by the removal of the minimum capital requirement.
Indonesia	Indonesia eased incorporation and post-incorporation processes for new business registration by introducing online services, eliminating certain licenses, making the registry more efficient, and cutting company deed legalization fees, publication fees, registration fees, and business license fees. As a result, 2 procedures and 16 days were cut and the average company start-up cost was reduced by almost 52 percent of gross national income per capita. Property registration also became easier because time limits were introduced for standard procedures at the land registry. In addition, Indonesia increased investor protections by expanding disclosure requirements for related-party transactions.
Kyrgyz Republic	The Kyrgyz Republic eased the process for getting construction permits by streamlining the fee structure, introducing a risk-based system of approval and building control, allowing low-risk projects to conduct an internal building control process, and simplifying the process for obtaining utility connections. Requirements relating to redundancy dismissals and worker reassignment were eased. Access to credit was enhanced by making secured lending more flexible and allowing general descriptions of encumbered assets and of debts and obligations. In addition, amendments to the Civil Code provide for automatic extension of security rights to proceeds of the original assets. The tax burden on businesses was eased by reducing the rates for several taxes and the number of payments for several. Surveying and notarization requirements were made optional for property registration, and business start-up was eased by eliminating the minimum capital requirement, reducing the registration time, and abolishing various post-registration fees and the need to open a bank account before registration. The elimination of six previously required documents and the simplification of inspection procedures has sped up trading across borders.
Lao PDR	The Lao People's Democratic Republic made it easier to pay taxes by consolidating three taxes—business turnover tax, excise tax, and personal income tax withholding—into one simpler form. It also improved the lodgment process and tax office staffing. The compliance time for paying taxes was reduced by 198 hours a year.

Liberia	Liberia eased the process for getting construction permits by lowering the permit fee and cost of obtaining a power generator, abolishing the requirement to obtain a tax waiver certificate before submitting documents to obtain a building permit, and making fixed telephone connections more readily available for public use with the reopening of the national phone company. Business start-up was eased by removing the need to obtain an environmental impact assessment when forming a general trading company. The trade process was expedited by creating a one-stop shop bringing together various ministries and agencies, and streamlining the inspection regime.
Macedonia, FYR	The Former Yugoslav Republic of Macedonia has been reforming the construction permit process, shortening waiting times but raising fees. Worker hiring was made more flexible by allowing greater use of fixed-term contracts, easing restrictions on working hours, and making redundancy dismissals more flexible. The public credit bureau increased its coverage by introducing a better database that includes more information and by lowering the minimum loan threshold. Social security payments were classified in five groups, and social security contribution rates reduced. Investor protections were increased by regulating the approval of transactions between interested parties, increasing disclosure requirements in annual reports, and making it easier to sue directors in cases of prejudicial transactions between interested parties. Property registration was eased with the introduction of new time limits at the real estate cadastre—reducing the average time to register a title deed by eight days—and a non-encumbrance certificate can now be obtained from the real estate registry instead of through the court. Business start-up was simplified by integrating procedures at a one-stop shop.
Malaysia	Malaysia eased business start-up with a new one-stop shop to streamline registration. In addition, the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) reduced company incorporation charges and corporate fees. The service is still new, and the government is planning a public awareness campaign about the new system. Enforcing contracts through the courts was made easier by increased staff and stricter deadlines that have shortened case filing times from 45 days to 30. In addition, the commercial court has been reorganized to dispose of interlocutory matters more swiftly.
Moldova	Moldova lowered the rates for social security contributions paid by employers. Property registration was simplified by eliminating the requirement for a cadastral sketch, reducing procedures from six to five and days from 48 to 5. Business start-up was eased by implementing an expedited company registration service.
Philippines	The Philippines enhanced access to credit with a new credit information act that regulates the operations and services of a credit information system. The government also cut the corporate income tax rate from 35 percent to 30 percent and promoted reorganization procedures by introducing prepackaged reorganizations and regulating the receiver profession.
Rwanda	Rwanda improved the process for dealing with distressed companies with a new law aimed at streamlining reorganization. Employing workers was made easier by abolishing the maximum duration for fixed-term contracts and allowing unlimited renewals of such contracts, as well as by allowing redundancy procedures to be more flexible, with consultation and notification of third parties no longer required. Getting credit was made easier with a new secured transactions act and insolvency act to make secured lending more flexible, allowing a wider range of assets to be used as collateral and a general description of debts and obligations. In addition, out of court enforcement of collateral has become available to secured creditors, who also now have top priority within bankruptcy. A new company law has strengthened investor protections by requiring greater corporate disclosure, director liability, and shareholder access to information. Property registration was simplified by decreasing the number of days required to transfer a property. Business start-up was eased by eliminating a notarization requirement; introducing standardized memorandums of association; enabling online publication; consolidating name checking, registration fee payment, tax registration, and company registration procedures; and shortening the time required to process completed applications. By implementing administrative changes—such as increased operating hours and enhanced cooperation at the border, along with the removal of some documentation requirements for importers and exporters—Rwanda has improved trading times.

Tajikistan

Tajikistan amended its insolvency law, aiming to reduce statutory time limits and the costs of proceedings. Changes were introduced that simplified the construction permit process, reducing procedures and time. A new law on credit histories improves access to credit information by creating a private credit bureau. Investor protections were strengthened with amendments to the joint stock company law, increasing disclosure requirements for transactions involving conflicts of interest, allowing for greater director liability, and giving shareholders the chance to request that harmful related-party transactions be rescinded. The state duty for property transfer has quadrupled, raising the cost of registering property by 2.8 percent of a property's value. Business start-up was eased by reducing the minimum capital requirement and shortening the time to obtain a tax identification number.

Thailand

Thailand eased business start-up by merging the registration of memorandum and the application for company registration. As a result, it cut 1 procedure and 1 day from company start-up.

Timor-Leste

Timor-Leste adopted a new tax law in July 2008. The law cut the profit tax rate from 30 percent to 10 percent and abolished the alternative minimum tax and the withholding tax on interest. Meanwhile, corporate income tax is now paid in quarterly installments when turnover is less than \$1 million.

United Arab Emirates

The United Arab Emirates shortened the time for delivering building permits by improving its online system for processing applications. Business start-up was eased by simplifying the documents needed for registration, abolishing the minimum capital requirement, and removing the requirement that proof of deposit of capital be shown for registration. Greater capacity at the container terminal, elimination of the terminal handling receipt as a required document, and an increase in trade finance products, have improved trade processes.

APPENDICES

Starting a Business in Lao PDR

This table summarizes the procedures and costs associated with setting up a business in Lao PDR.

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

Minimum Capital Requirement:

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Apply for a Name Reservation Certificate	1	30000
2	Apply for a Domestic Investment License and Approval of Articles of Association	30	50000
3	Apply for an Enterprise Registration Certificate	10	500000
4	Apply for a Tax Registration Certificate	2	175000
5	Obtain Approval of Company Sign	5	10000
6	Apply for approval and carve a company seal	45	120000
7	Register the workers for social security	7	0

Procedure 1 Apply for a Name Reservation Certificate

Time to complete: 1

Cost to complete: 30000

Comment: As of 8 August 2008, it is required to obtain a Name Reservation Certificate from the Enterprise Registry Office ("ERO") within the Ministry of Industry and Commerce ("MOIC"). This is required pursuant to Notification No. 1238/MOC.DT, dated 28 July 2008. This notification requires all companies to obtain a Name Reservation Certificate before applying to the ERO for an Enterprise Registration Certificate. A completed Application for Reservation of Company Name, listing three potential names for the company to be established, and a signed Contract of Incorporation (if there are multiple shareholders) in the format approved by the MOIC must be submitted to the ERO in order to obtain a Name Reservation Certificate.

Procedure 2 Apply for a Domestic Investment License and Approval of Articles of Association

Time to complete: 30

Cost to complete: 50000

Comment: Since the Enterprise Law became effective in April 2006, the requirement for all firms to obtain an approval from the respective ministry before registering an enterprise was removed. Only companies with sensitive activities must obtain prior approval from the relevant line ministries before registering with the Ministry of Industry and Commerce. The Registrar also approves the articles of association during the company registration process at the Ministry of Industry and Commerce.

The new Prime Minister's Decree No. 67 on the implementation of the Manufacturing Law, which was issued and became effective on April 12, 2006, specifically abolished the requirement for manufacturers to obtain an establishment license, which was originally defined as a necessary procedure to establish manufacturing businesses in Lao PDR under Ministerial Decree 103 (dated February 21, 1992). Under Decree No. 67, manufacturers are, however, required to obtain an operating license as part of the business startup process. According to the existing regulations, this operating license shall be issued within 30 days of the day of entrepreneurs' submission of applications.

In addition, Ministerial Decision No. 1301/MOIC, dated July 30, 2007 under Article 6, Paragraph 6.3, provided that "...relevant Office of Industry and Commerce must consider and issue Operational License for manufacturing business within 10 days from the date when entrepreneurs submit their application as appropriate." However it takes up to 30 days in practice.

Procedure 3 Apply for an Enterprise Registration Certificate

Time to complete: 10

Cost to complete: 500000

Comment: In April 2006, the Business Law was replaced by the Enterprise Law. Founders shall present an application to form and register the company to the Enterprise Registration Office in the Domestic Commerce Department, Ministry of Industry and Commerce. Upon receipt of an application, the Enterprise Registration Office and other concerned sector agencies shall rapidly make a determination (within 10 days). If the proposed type of business is listed in the restricted register, the Enterprise Registration Office must immediately forward the application to the relevant sector in the responsible ministry. The

sector authority must make a determination within 10 working days, except for some types of business that require more time for technical or substantive inspection. Subsequently, according to Article 14 of the Enterprise Law, the Enterprise Registration Office must make a determination on whether to issue the enterprise registration within 3 working days.

Procedure 4 Apply for a Tax Registration Certificate

Time to complete: 2

Cost to complete: 175000

Comment: Pursuant to Tax Law No. 04/NA, dated 19 May 2005 (the "Tax Law"), enterprises operating in Lao PDR are subject to direct and indirect taxes. Direct taxes are profit tax, income tax, and fees. Indirect taxes are business turnover tax and use tax. Once a Tax Registration Certificate is obtained, it must be renewed annually. The fee for the Tax Registration Certificate depends on the annual income of the Company. The fee for a company with an annual business turnover of US \$58,000 is 150,000 LAK. The application fee is 25,000 LAK.

Procedure 5 Obtain Approval of Company Sign

Time to complete: 5

Cost to complete: 10000

Comment: Companies must obtain approval from the Ministry of Information and Culture before making a sign with the company name. The official fee is based on a cost per square centimeter, depending on the type of sign. The application cost is 10,000 LAK.

Procedure 6 Apply for approval and carve a company seal

Time to complete: 45

Cost to complete: 120000

Comment: The applicant must submit a request to the MOIC to approve the company seal, and have the Ministry of Public Security carve the company seal. The MOIC must first issue a certificate illustrating the company seal, which takes three (3) official working days, however, longer timeframes are common. The certificate is then forwarded to the Ministry of Public Security so that the company seal can be carved. The application form for making the company seal is 10,000 LAK, The cost for the certificate authorizing the design is 60,000 LAK. The carving of a seal in Lao language only is 50,000 LAK, and the carving of a seal in Lao and in another language is 53,000 LA. The total time takes around 45 days.

Procedure 7 Register the workers for social security

Time to complete: 7

Cost to complete: 0

Comment: The application form to register workers for social security insurance is available at the agency in charge of registration (the Social Security Organization, Ministry of Labor and Social Welfare). According to Social Security Decree No. 207/PM (dated December 23, 1999), employees and employers must participate in the compulsory social security regime. They may not enter into mutual agreements to avoid participation in the social security regime. The social security regime for company employees is established on the principle of state-guaranteed insurance. Decree No. 207/PM applies to (a) employers who have 10 or more employees; and (b) work units with fewer than 10 employees, provided

that the work unit is a branch of a large labor unit. Contributions to the social security regime are paid by both the employers and employees: 5.0% of gross salary is to be contributed for social security by the employer and another 4.5%, by the employee. The maximum ceiling for calculating these contributions is LAK 1,500,000 (5% and 4.5% of LAK 1,500,000).

Dealing with Construction Permits in Lao PDR

The table below summarizes the procedures, time, and costs to build a warehouse in Lao PDR.

BUILDING A WAREHOUSE

Date as of: January 2009

Estimated Warehouse Value:

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Purchase the application forms to a building permit	1 day	LAK 20,000
2	Request and obtain residence certificate from Village Chief	1 day	LAK 40,000
3	Request and obtain map describing the location of the construction site, and map describing the technical characteristics of the ground	14 days	LAK 60,000
4	Submit building permit application to the district construction division	1 day	LAK 50,000
5	Receive pre-approval inspection from the district construction division	1 day	no charge
6	Receive pre-approval inspection from the Vientiane Prefecture	1 day	no charge
7	Obtain building permit from Vientiane Prefecture	30 days	LAK 710,300
8	Receive inspection from committee for management of construction - I	1 day	no charge
9	Receive inspection from committee for management of construction - II	1 day	no charge
10	Receive inspection from committee for management of construction - III	1 day	no charge
11	Receive inspection from committee for management of construction - IV	1 day	no charge
12	Receive inspection from committee for management of construction - V	1 day	no charge
13	Receive inspection from committee for management of construction - VI	1 day	no charge
14	Receive inspection from committee for management of construction - VII	1 day	no charge
15	Receive inspection from committee for management of construction - VIII	1 day	no charge

16	Receive inspection from committee for management of construction - IX	1 day	no charge
17	Receive inspection from committee for management of construction - X	1 day	no charge
18	Receive inspection from committee for management of construction - XI	1 day	no charge
19	Receive inspection from committee for management of construction - XII	1 day	no charge
20	Request and receive final inspection from committee for management of construction	1 day	no charge
21	Obtain certificate of completion of building works	20 days	no charge
22 *	Request and receive connection to electricity	90 days	LAK 5,500,000
23 *	Request and receive connection to water and sewage services	45 days	LAK 3,000,000
24 *	Request and receive connection to telephone	30 days	LAK 900,000

* Takes place simultaneously with another procedure.

Procedure	1	Purchase the application forms to a building permit
Time to complete:		1 day
Cost to complete:		LAK 20,000
Comment:		BuildCo should purchase the application forms to apply for a building permit from the district construction division. Vientiane Prefecture is divided into four districts, which are further subdivided into villages.
Procedure	2	Request and obtain residence certificate from Village Chief
Time to complete:		1 day
Cost to complete:		LAK 40,000
Comment:		BuildCo must obtain a residence certificate certifying that the applicant (the company's manager) has a permanent address.
Procedure	3	Request and obtain map describing the location of the construction site, and map describing the technical characteristics of the ground
Time to complete:		14 days
Cost to complete:		LAK 60,000
Comment:		BuildCo must obtain from the district land management authority a map (on a scale from 1:5,000 to 1:20,000) delineating the location of the construction site. In addition, the company must obtain from the same authority a map (on a scale from 1:5,000 to 1:20,000) delineating the technical characteristics of the plot: surrounding streets and inner ways, existing buildings, walls, electricity poles, and the like.
Procedure	4	Submit building permit application to the district construction division
Time to complete:		1 day
Cost to complete:		LAK 50,000
Comment:		BuildCo must submit the application for a building permit, along with a copy of the land title and documents described above (four copies of each). The district construction division inspects the property. If the inspectors approve the application, the head of the district will sign the approval. For buildings larger than 200 sq. m., the district chief sends a letter to the prefect of Vientiane Prefecture for final approval; the district construction division notifies the applicant that the letter has been forwarded to the Prefecture.
Procedure	5	Receive pre-approval inspection from the district construction division
Time to complete:		1 day
Cost to complete:		no charge
Comment:		The district construction division inspects the property. If the inspectors approve the application, the head of the district signs the approval. For buildings larger than 200 sq. m., the district chief sends a letter to the Vientiane Prefecture's Office of Building and Urban Planning for final approval; the district construction division notifies the applicant that the letter has been forwarded to the Prefecture.
Procedure	6	Receive pre-approval inspection from the Vientiane Prefecture

Time to complete: 1 day
Cost to complete: no charge
Comment: The inspectors verify that the construction plan complies with building regulations.

Procedure 7 Obtain building permit from Vientiane Prefecture

Time to complete: 30 days
Cost to complete: LAK 710,300
Comment: After the plan is approved, the Office of Building and Urban Planning of Vientiane Capital contacts the applicant to pick up the permit. If the Prefecture does not contact the applicant within 30 days, the plan is deemed approved.

Procedure 8 Receive inspection from committee for management of construction - I

Time to complete: 1 day
Cost to complete: no charge
Comment: The inspection committee may inspect the construction site several times before, during, and after construction. The committee may conduct any of the following inspections: pre-construction; excavation work; foundations work; concrete work; steel work for slabs; frame; damp-proof course; drainage; timber scaffolding; electrical; plumbing (water); environmental; sanitary (sewage); surroundings of the building; structure; final inspection.

Procedure 9 Receive inspection from committee for management of construction - II

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 10 Receive inspection from committee for management of construction - III

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 11 Receive inspection from committee for management of construction - IV

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 12 Receive inspection from committee for management of construction - V

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 13 Receive inspection from committee for management of construction - VI

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 14 Receive inspection from committee for management of construction - VII

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 15 Receive inspection from committee for management of construction - VIII

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 16 Receive inspection from committee for management of construction - IX

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 17 Receive inspection from committee for management of construction - X

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 18 Receive inspection from committee for management of construction - XI

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 19 Receive inspection from committee for management of construction - XII

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 20 Request and receive final inspection from committee for management of construction

Time to complete: 1 day

Cost to complete: no charge

Comment: After construction is finished, the project owner or building owner must request in writing for the Construction Management Committee (CMC) to inspect the construction according to the issued building permit. If the construction complies with construction regulations, the Housing and Urban Planning Department, in coordination with State Asset and Housing Department, officially issues a correct construction certificate (a correct construction certificate means a certificate issued by the CMC to certify that the construction complies with the regulation).

Regulation No.1512 (dated September 28, 1991) has been replaced by Decision No. 7681 (dated June 29, 2005).

Procedure 21 Obtain certificate of completion of building works

Time to complete: 20 days

Cost to complete: no charge

Comment:

Procedure 22 Request and receive connection to electricity

Time to complete: 90 days

Cost to complete: LAK 5,500,000

Comment: To obtain a permanent power connection after the completion of construction, the applicant must obtain the correct construction certificate (Letter No. 1819/MCTPC, dated November 20, 1991).

Procedure 23 Request and receive connection to water and sewage services

Time to complete: 45 days

Cost to complete: LAK 3,000,000

Comment: To obtain a water and sewerage connection to the land where the building will be constructed, the applicant must enclose the building permit or a correct construction certificate with the application.

Procedure 24 Request and receive connection to telephone

Time to complete: 30 days

Cost to complete: LAK 900,000

Comment: To obtain a telephone connection to the land where the building will be constructed, the applicant must enclose the building permit or a correct construction certificate with the application.

Employing Workers in Lao PDR

Employing workers indices are based on responses to survey questions. The table below shows these responses in Lao PDR.

Employing Workers Indicators (2009)	Answer	Score
Difficulty of hiring index (0-100)		11.1
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.28	0.33
Difficulty of redundancy index (0-10)		50.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	Yes	2
Must the employer notify a third party before terminating a group of 9 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	Yes	1
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Redundancy costs (weeks of salary)		162.4
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		6.4
What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)		156.0
What is the legally mandated penalty for redundancy dismissal? (weeks of salary)		0.0
Rigidity of employment index (0-100)		20.4
Rigidity of hours index (0-100)		0.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0

What is the maximum number of working days per week?	6	0
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	Yes	0.00
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	Yes	0.00
What is the paid annual vacation (in working days) for an employee with 20 years of service?	15	0

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Lao PDR

This topic examines the steps, time, and cost involved in registering property in Lao PDR.

STANDARDIZED PROPERTY

Property Value: 356,872,155.00

City: Vientiane

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Notarization of sale-purchase agreement	2-3 days	LAK 186,998 + 1,000 p page (assuming 5 pages)
2	Inspection of the property by a land official	10 days	To be paid in Procedure
3	Obtain a certificate of land guarantee and the land map	1 day	LAK 30,000 (certificate) LAK 30,000 (map)
4	The Village Chief should be informed of the transaction	1 day	Paid in Procedure 6
5	Obtain stamp and signature from the district land office	2 days	Paid in Procedure 6
6	Collect certified information with regard to the purchaser	3-10 days	LAK 50,000
7	Change of the records in the Land Register Book	10 days	LAK 30,000 + LAK 20,0 (stamp duty) + about 1% property price (transfer tax) + 3% property value (registration fee)
8	Give public notice of the transaction	up to 90 days	LAK 40,000
9	The new land deed is delivered to the buyer by the Land Management Authority	15 days	no cost

Procedure 1 Notarization of sale-purchase agreement

Time to complete: 2-3 days

Cost to complete: LAK 186,998 + 1,000 per page (assuming 5 pages)

Comment: The signed sale-purchase agreement must be certified by the notary, at the village level, to attest that the land use right has been acquired by transfer. This document will constitute the Land acquisition certificate required for the application for land registration - art. 45 Land Law.

Procedure 2 Inspection of the property by a land official

Time to complete: 10 days

Cost to complete: To be paid in Procedure 3

Comment: An inspection by the land official takes place before registration of the property. The duration depends on the availability of the land officers and of the neighbors of the land parcel and generally takes 10 days since several parties are involved. The main issue is the property's contact with neighbors and their agreement.

Procedure 3 Obtain a certificate of land guarantee and the land map

Time to complete: 1 day

Cost to complete: LAK 30,000 (certificate) + LAK 30,000 (map)

Comment: The buyer should obtain a certificate of land guarantee at the district land office and provincial/municipality land office where the Land Titling Project is being implemented. This will be required for the application for land registration - art. 45 Land Law. The land map is obtained at the province/municipality land office, after measurement of land by the land official in Procedure 2.

Procedure 4 The Village Chief should be informed of the transaction

Time to complete: 1 day

Cost to complete: Paid in Procedure 6

Comment: Parties must go to the village where the parcel is located to inform the Village Chief.

Procedure 5 Obtain stamp and signature from the district land office

Time to complete: 2 days

Cost to complete: Paid in Procedure 6

Comment: Parties must obtain the stamp and signature at the district land office

Procedure 6 Collect certified information with regard to the purchaser

Time to complete: 3-10 days

Cost to complete: LAK 50,000

Comment: The purchaser collects the certified statutory document (copy of the contract between the providers of capital, copy of the Enterprise Registry, copy of the articles of association) in order to provide the basic information required for the registration - art. 47 Land Law.

The buyer can get the certificate statutory document at district or province/municipality land offices. Before that, he must go to different places to get the certificate: first to the village where the parcel is located to inform the Village Chief, then to the district land office for the stamp and signature and then to the province/municipality land office to obtain the certificate.

Procedure 7 Change of the records in the Land Register Book

Time to complete: 10 days

Cost to complete: LAK 30,000 + LAK 20,000 (stamp duty) + about 1% of property price (transfer tax) + 3% property value (registration fee)

Comment:

Procedure 8 Give public notice of the transaction

Time to complete: up to 90 days

Cost to complete: LAK 40,000

Comment: There must be publication of an information notice at the village and district offices, and in the media - art. 49 Land Law. The parties must wait for up to 90 days to continue with the registration process, as long as no objection is presented during that period.

Procedure 9 The new land deed is delivered to the buyer by the Land Management Authority

Time to complete: 15 days

Cost to complete: no cost

Comment: If no claim from third party occurs - according to art. 49 of the Land Law, the buyer receives his new title. This procedure may take longer if there is a dispute on the ownership.

Getting Credit in Lao PDR

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Lao PDR.

Getting Credit Indicators (2009)			Indicator
			score
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage		0.0	0.0
Number of individuals		0	0
Number of firms		0	0

Strength of legal rights index (0-10)		4
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?		Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?		No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?		Yes
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?		No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?		Yes
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?		No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?		No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?		No

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

No

Does the law authorize parties to agree on out of court enforcement?

Yes

Protecting Investors in Lao PDR

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Lao PDR.

Protecting Investors Data (2009)	Indicator
Extent of disclosure index (0-10)	0
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	0
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	0
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Extent of director liability index (0-10)	3
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	0
Ease of shareholder suits index (0-10)	2
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	0
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	1
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	1

Strength of investor protection index (0-10)

1.7

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Lao PDR

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Lao PDR, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Business turnover tax on sales (VAT)	12		182	5% and 10%	value added		
Stamp duty on general contracts	1			Kip 10,000	per contract		
Tax on insurance contracts	1			0%	insurance premium	0.00	
Vehicle tax	1			Kip 40,000	type of vehicle	0.01	
Property tax	1			2 to 60 kip	per square meter	0.02	
Fuel tax	1				included in the price of fuel	0.40	
Property transfer tax (stamp duty)	1			3% or 4%	sale price	2.42	
Social Security contributions	12		42	5%	gross salaries	5.64	
Corporate income tax	4		138	35%	taxable profits	25.20	
Totals	34		362			33.7	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filing available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Lao PDR

These tables list the procedures necessary to import and exports a standardized cargo of goods in Lao PDR. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	33	120
Customs clearance and technical control	3	10
Ports and terminal handling	4	130
Inland transportation and handling	10	1600
Totals	50	1860

Nature of Import Procedures (2009)	Duration (days)	US\$ Cost
Documents preparation	33	120
Customs clearance and technical control	8	20
Ports and terminal handling	2	300
Inland transportation and handling	7	1600
Totals	50	2040

Export

Equipment interchange receipt
Export license
Packing list
Pre-shipment inspection clean report of findings
Technical standard/health certificate
Bill of lading
Certificate of origin
Commercial invoice
Customs export declaration

Import

Pre-shipment inspection clean report of findings
Technical standard/health certificate

Certificate of origin
Commercial invoice
Customs import declaration
Customs transit document
Import license
Packing list
Bill of lading
Cargo release order

Enforcing Contracts in Lao PDR

This topic looks at the efficiency of contract enforcement in Lao PDR.

Nature of Procedure (2009)	Indicator
Procedures (number)	42
Time (days)	443
Filing and service	91.0
Trial and judgment	202.0
Enforcement of judgment	150.0
Cost (% of claim)*	31.60
Attorney cost (% of claim)	27.9
Court cost (% of claim)	1.4
Enforcement Cost (% of claim)	2.3

Court information: Vientiane Capital City Court ("San Nah Kon Luang, San Khoang")

* Claim assumed to be equivalent to 200% of income per capita.



DOING BUSINESS 2010

WWW.DOINGBUSINESS.ORG



THE
WORLD
BANK



International
Finance
Corporation
World Bank Group

ISBN: 978-0-8213-7961-5



Printed in the
United States