



## Improving the Environment for Doing Business

The goal of the IFC-MPDF Business Enabling Environment (BEE) Program is to create a better environment for doing business in order to create jobs and thus help alleviate poverty in the Mekong region. We do this through three main types of activities:

**1) Improving the policy and regulatory framework by assisting government agencies to develop and implement better regulations and policies for business at both the national and sub-national level**

**2) Raising the voice of the private sector, by facilitating dialogue and building the capacity of the private sector to advocate on their own behalf for a better business environment**

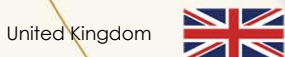
**3) Researching and disseminating information about business issues in our three countries as well as international good practice on private sector development**

In each country, we tailor interventions to the local context and the needs of main stakeholders, while leveraging our cross-country experiences and the World Bank Group's global network of experts. Highlights of current activities include:

### Vietnam

**Investment and Enterprise Legislation:** IFC-MPDF is providing the government with a comprehensive technical assistance package to help develop and implement the 2005 Investment and Enterprise Laws. Working with FIAS and the World Bank Office in Vietnam over the past several years, we conducted research on investment incentives, organization of corporations and corporate governance that fed into the drafting of the laws and was disseminated through reports for the drafting teams, policy bulletins targeting policymakers, presentations for the business community, and articles for the press. In the process, we provided members of National Assembly with written analyses of the laws and with access to the drafting teams, enabling them to fully engage in the policy debate. The laws were passed in December 2005, and since then, at the government's request, we have continued to assist in developing related regulations.

**Provincial Simplification:** Though the Vietnamese government has recently made great efforts to improve the regulatory framework for doing business, companies register and operate at the provincial level, where implementation of regulations can be inconsistent with central policies. Building on IFC's global experience with sub-national reform, we are piloting a Provincial Simplification Program to help local governments develop and implement effective business reforms. We are currently working in three provinces to streamline the business startup process, which entails registration, obtaining a tax code, getting a company stamp, and buying tax invoices. In these provinces, local authorities have already committed to reducing the time and costs of business startup by half, and simplifying the process for obtaining licenses in the near future.



The Prime Minister recently issued a directive to streamline the business registration process at the national level and apply the new process in all 64 provinces. IFC-MPDF has been asked by the government to assist the Task Force responsible for streamlining this process at the national level. With our approach of on-the-ground, hands-on implementation, IFC-MPDF is helping good practice at the local level to influence national policy.

## Cambodia

**Provincial Business Environment Scorecard (PBES) and Provincial Simplification:** As evidenced by the Doing Business report, rankings are a good way to encourage and inspire governments to implement reforms. In cooperation with AusAID and The Asia Foundation, IFC-MPDF recently developed a scorecard that ranked provinces according to their business environments. The PBES was launched in October 2006, and IFC-MPDF is now in discussions with several provinces who wish to simplify their procedures for the private sector and improve their business environments.

**Alternative Dispute Resolution (ADR):** The National Assembly approved the Law on Commercial Arbitration in March 2006; a group of development partners led by IFC-MPDF advocated for critical improvements to the draft law through its Business Issues Bulletin and direct feedback to the drafting team. We are currently developing a project in ADR, which will provide businesses in Cambodia with an alternative to the Court system in settling commercial disputes, possibly freeing up and generating tens of millions of dollars each year in contractual disputes and new contracts.

## Lao PDR

**Enterprise Law:** Over the past two years, IFC-MPDF has assisted the government of Lao PDR to develop a new Enterprise Law, drawing heavily on the experience of Vietnam. Passed in early 2006, the law significantly expands freedom to do business for domestic enterprises, and sets out simpler business registration procedures for all enterprises. We will continue to support the Ministry of Commerce and Industry in developing detailed guidelines to implement the new law and streamline the licensing requirements for business.

**Lao Business Forum (LBF):** Launched in 2005, the LBF is a public-private dialogue mechanism that enables long-term, ongoing dialogue between the government and private sector. Private sector companies participating in the LBF belong to one of four sectoral working groups which regularly meet to discuss key issues they wish to raise with the government, and then with government counterparts. A public Forum is held twice per year, where the top levels of government meet with the private sector. As Secretariat to the LBF, IFC-MPDF manages its operations and helps both government and private sector do research and gather information to facilitate dialogue and reach solutions on issues.

**Advocacy:** In addition to active engagement in public-private dialogue, in all three countries IFC-MPDF publishes and distributes Private Sector Discussion Papers, a series of research papers on key issues in private sector development in the Mekong region. We also produce a policy brief known as the Business Issues Bulletin which is distributed to a wide audience of government officials, lawmakers, entrepreneurs and donors. The Bulletins have been instrumental in generating change on a number of important government policies for business in all three countries.

## Mekong Private Sector Development Facility

IFC-MPDF is a multi-donor funded initiative set up by the International Finance Corporation in 1997 in Vietnam, Cambodia, and Lao PDR, to reduce poverty through sustainable private sector development. The Facility works through six interrelated programs that seek to improve the business environment; develop the financial sector; improve managerial capacity; and increase sustainable business practices in three sectors that are central to economic growth and poverty reduction – tourism, agribusiness, and garments. IFC-MPDF's donors are the Asian Development Bank, Australia, Canada, Finland, IFC, Ireland, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland and the United Kingdom.

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