



**Asia-Pacific
Economic Cooperation**

2010/SOM1/EC/WKSP/012

Session 4

The Political Economy of Business Registration Legal Reform

Submitted by: United States



JAPAN 2010

**Workshop on Reducing Start-up and
Establishment Time of Businesses
Hiroshima, Japan
1-2 March 2010**



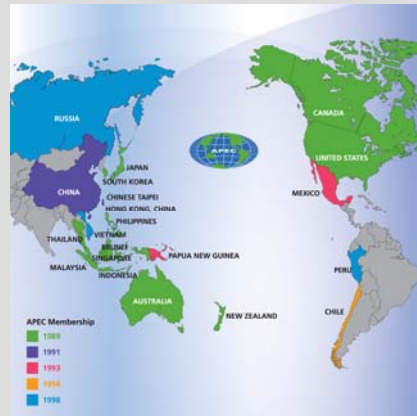
USAID
FROM THE AMERICAN PEOPLE

Economic Growth Training – December 2009

Breakout Session
Day Two

The Political Economy of Business Registration Legal Reform

Nicholas Klissas
USAID



A Mini-History of Commercial Law...

- 1300s:** **Multiyear partnerships** emerge in and around the Mediterranean region.
- 1500s:** **Standardized commercial accounting** is adopted among Northern Italian merchants.
- 1600s:** The Crown (Sovereign) establishes **Chartered Companies** in England and Holland to engage in global trade.
- 1700s:** **Joint-stock companies** and a system of shareholder rights emerges.
- 1800s:** **1st Industrial Revolution:**
 - Intellectual Property, Universal incorporation, Limited Liability.
- 1950s:** **2d Industrial Revolution:**
 - Form of the modern corporations & bank develop

Legal Systems: Philosophy, Theology, & Pragmatism

Is Law Immutable Truth?

- Religious law (Sharia)
- Roman Law (Justinian's Codex)
- Civil Law (Code Napoleon)



Emperor Justinian

Can Laws be Shaped to Suit People's and Firms' Needs?

- Common Law

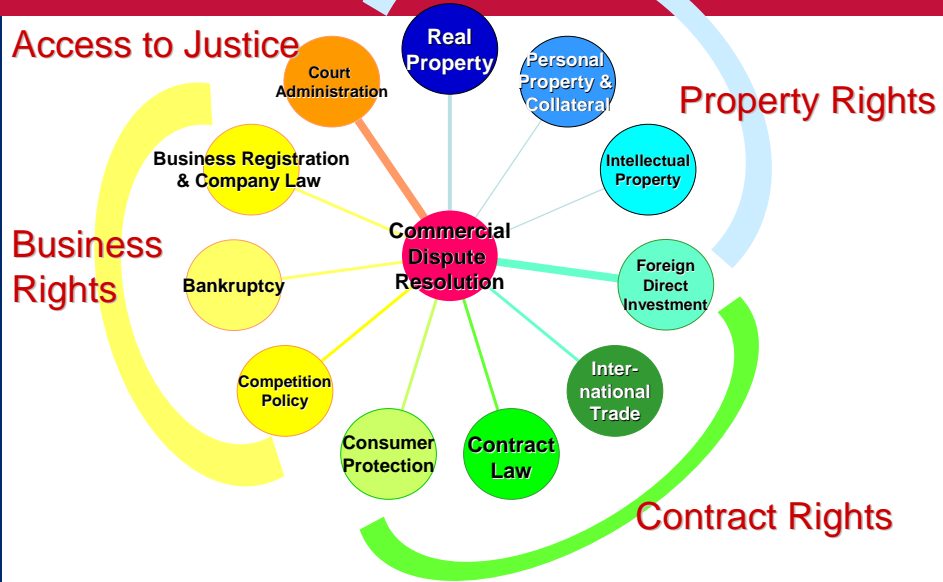


A Different Approach: Efficient Law

- Laws need to accommodate society's needs—not the needs of various government bureaus.
- Laws should recognize business practice not just theory.
 - Laws will be administered by people, not by theoreticians.
 - Legal framework should facilitate entrepreneurialism and positive-sum outcomes.
 - Users of the law are stakeholders and are to be consulted in its reform.
- Informality is reduced by adopting simpler, understandable, low burden laws.



USAID Pinwheel: *Rights-based Approach*



CLIR Uses a Systems Approach:

Four Dimensional Methodology



Black Letter Law



Implementing Institutions

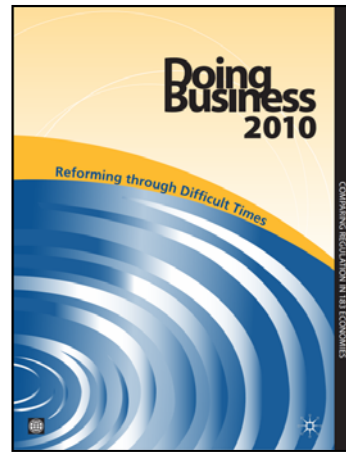
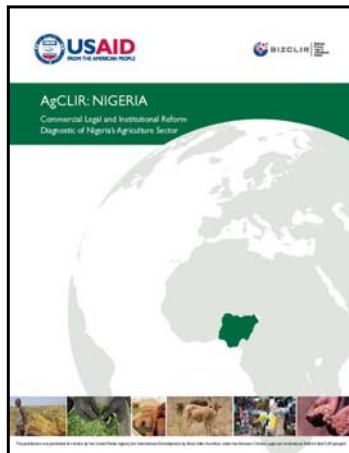


Supporting Institutions



Social Dynamic

The Deep Dive: The CLIR Methodology



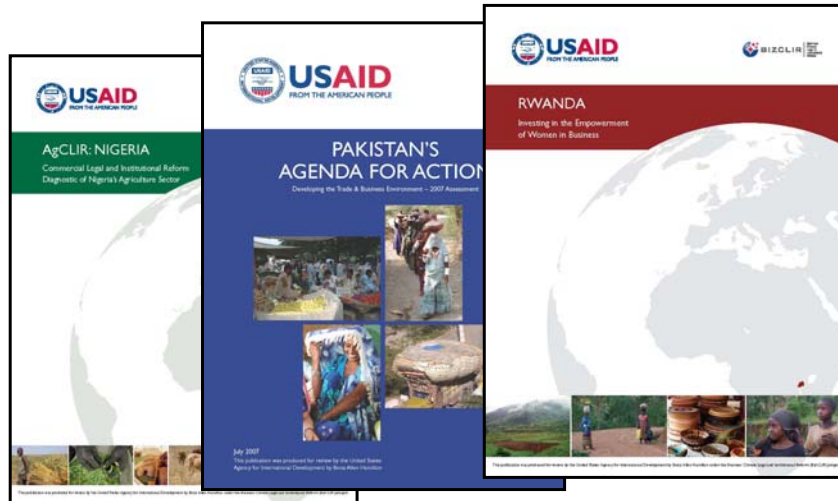
Business Enabling Environment



AgCLIR

BizCLIR

GenderCLIR



Collaboration Going Forward.....



- Focus on peer to peer learning models
- Municipal/provincial reform
- Direct collaboration between donors, e.g. USAID and World Bank's Doing Business team
- Use best practices in use of ICT to support DB reforms
- Support regional benchmarking initiatives
- USG is available as a resource