International Labour Organization

Government Licensing and Public Bidding Process

Mapping for Social Security Compliance in Lao PDR

Building social protection floors for all

Government Licensing and Public Bidding Process

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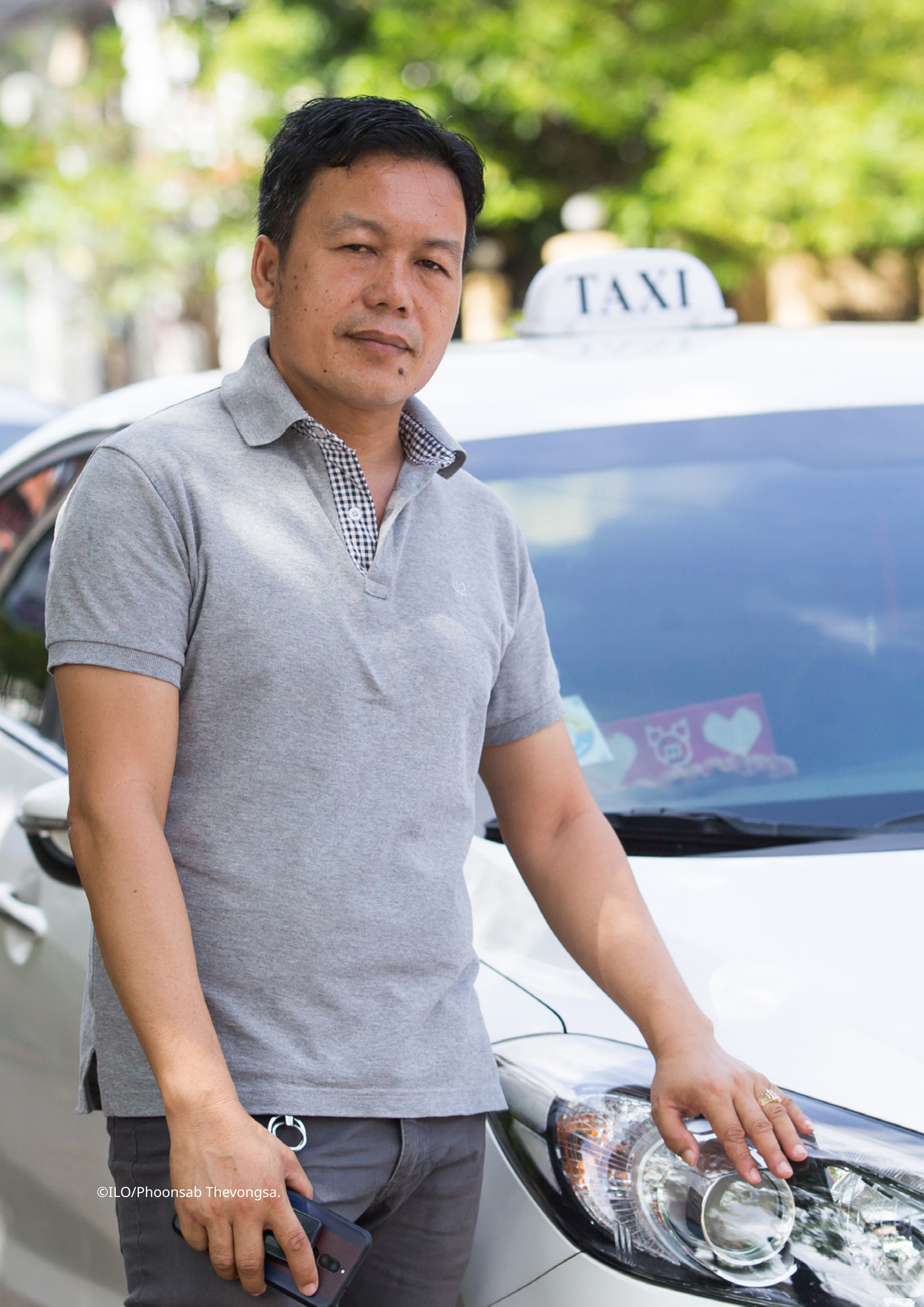

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Abbreviations

DTD	Domestic Trade Department (MoIC)
ERC	Enterprise Registration Certificate
ESIA	Environmental and Social Impact Assessment
ILO	International Labour Organization
KIIs	Key Informant Interviews
LDC	Least Developed Country
LSSO	Lao Social Security Office
MAF	Ministry of Agriculture and Forestry
MICT	Ministry of Information, Culture, and Tourism
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoIC	Ministry of Industry and Commerce
MPI	Ministry of Planning and Investment
MPS	Ministry of Public Security
MPWT	Ministry of Public Works and Transport
NSEDP	National Socio-Economic Development Plan
NSSF	National Social Security Fund
NSPS	National Social Protection Strategy
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
TIN	Taxpayer Identification Number
TVET	Technical and Vocational Education and Training

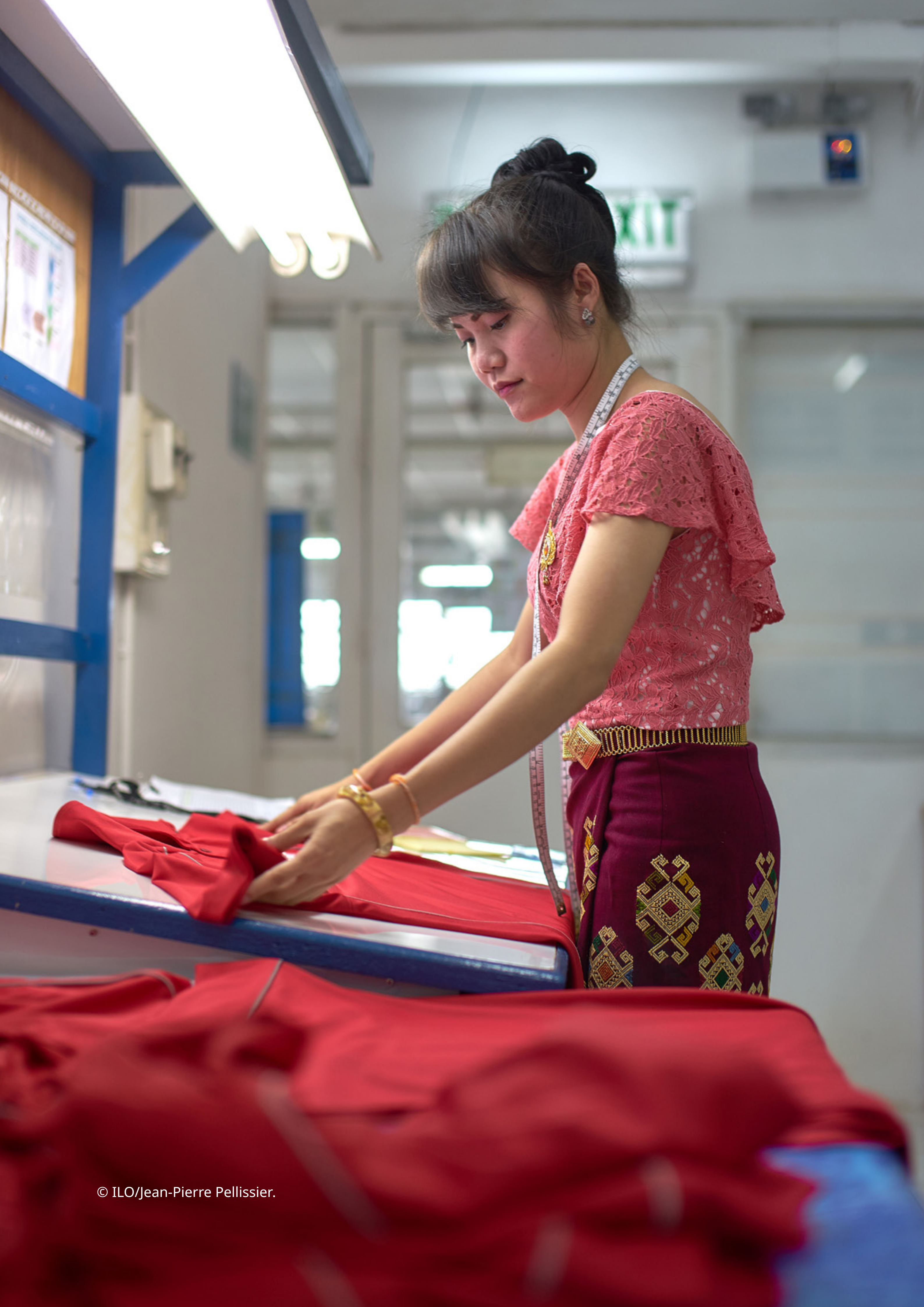
Executive Summary

In alignment with national policies such as the 9th National Socio-Economic Development Plan (2021-2025) and the National Social Protection Strategy of 2020-2025, the Government of Lao PDR prioritizes ensuring that businesses comply with social security regulations. In support of such efforts, this study aims to explore how government licensing and public bidding processes can be leveraged to strengthen compliance with social security registration and contribution requirements, thereby expanding social security coverage and enhancing worker protections. The study maps licensing and public bidding processes across key ministries as well as the extent to which they include requirements on social security compliance. The study then identifies regulatory gaps and provides recommendations to effectively integrate social security compliance into these regulatory frameworks.

The existing legal framework mandate businesses and investors to comply with social security requirements. Article 90 of the Law on Social Security (2018) requires all employers to register their workers with the LSSO. Similarly, Article 8 of the Law on Enterprises (2023) requires enterprises to join the social security system and protect workers' rights, while Article 74 of the Investment Promotion Law (2024) mandates investors to implement insurance and social security regimes for employees. Current licensing and public procurement systems do not, however, include requirements for social security compliance. Out of the 30 licensing processes analysed, only one explicitly requires proof of social security registration to obtain a license – that of the Ministry of Planning and Investment. Key ministries responsible for approving registration and licencing, including the Ministry of Industry and Commerce (MoIC), the Ministry of Health, the Ministry of Public Works and Transport, the Ministry of Information, Culture, and Tourism, the Ministry of Education and Sports, and the Ministry of Agriculture and Forestry, do not mandate social security registration as a prerequisite for approving business operating licenses. Furthermore, there is limited coordination between regulatory bodies, and public procurement processes do not require proof of social security compliance, allowing non-compliant businesses to secure government contracts. Monitoring and enforcement mechanisms are also weak, as inspections typically focus on technical and financial compliance without verifying whether businesses have registered their employees with the LSSO.

To address these challenges, the study recommends several key measures to strengthen compliance:

- Social security compliance should be a prerequisite for businesses and investors to obtain business operating licenses and engage in public bidding processes. Businesses should be required to provide proof of LSSO registration and contribution payments when applying for or renewing business operating licenses. In turn, investment incentives, including tax exemptions and other benefits, should be conditioned on compliance with social security laws, while public procurement processes should mandate proof of social security registration to obtain government contracts.
- Monitoring, inspections, and enforcement efforts and capacities should be enhanced, and verification of social security compliance should be streamlined as part of regular business inspections by complementary ministries.
- Relatedly, improving inter-ministerial coordination is essential to ensuring effective enforcement of social security regulations across different sectors. The introduction of digital solutions could help streamline compliance checks while reducing the administrative burden on businesses, including, for example, by better linking public databases and creating an interface that enables compliance to be checked and tracked, thus also facilitating inter-agency coordination.
- Finally, conducting awareness campaigns targeted at businesses, particularly in high-risk sectors such as construction, healthcare, tourism, and Special Economic Zones, will help improve compliance levels.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1 Introduction

1.1. Background and Context

The 9th National Socio-Economic Development Plan (NSEDP) for 2021-2025 aims to achieve inclusive economic growth, reduce poverty, and decrease inequality as part of Lao People's Democratic Republic's (PDR) goal of graduating from Least Developed Country (LDC) status[1]. Central to meeting these objectives is the National Social Protection Strategy (NSPS) 2020-2025, which prioritises progress towards universal social protection coverage and integrating various health insurance, social security, and welfare schemes within a single comprehensive framework. This effort includes reducing fragmentation within the social health protection system and registering workers with the National Social Security Fund (NSSF). These actions are underpinned by the Prime Minister's Decree 470 of 2012, which established the legal framework for the National Health Insurance Bureau and the integration of social health protection schemes, as well as the 2018 Law on National Health Insurance.

The social security provisions under the NSSF, administered by the Lao Social Security Organisation (LSSO) covers workers for nine types of benefits: (i) health insurance; (ii) employment injury or occupational diseases; (iii) maternity; (iv) sickness; (v) loss of working capacity; (vi) pension; (vii) death grant; (viii) survivor's benefit; and (ix) unemployment (Law on Social Security (Amended version) No. 54 of 2018). Social security coverage is compulsory for formal sector workers (regardless of the size of the enterprise), while workers in the informal economy (who constitute the majority of the workforce in Lao PDR) are eligible for voluntary coverage. In order to register with the LSSO, businesses are required to provide a range of documents, including the Enterprise Registration Certificate (see below), the Taxpayer Identification Number (TIN), the list of employees and copies of their contracts – among others. Upon completion of the registration process, enterprises are issued a Social Security Registration Certificate.

Despite the compulsory character of the scheme for formal workers, the LSSO continues to face significant challenges to effectively expanding coverage[2]. It is estimated that the majority of workers in Lao PDR are not covered by social security, with only 7 and 11 per cent of the non-civil-servant workforce estimated to be covered by the NSSF in 2017, according to LFS and LSSO data, respectively. For the formal sector, enterprise non-compliance, weak enforcement mechanisms, and limited inspection capacity hinder the realization of universal coverage. In the informal sector, voluntary participation remains low due to barriers such as insufficient awareness and limited capacity to contribute[3]. These challenges highlight the need for targeted interventions to bridge the gap between policy objectives and effective coverage, ensuring that the workforce across all sectors is adequately protected against social risks across the lifecycle.

1 The Lao PDR Smooth Transition Strategy for LDC Graduation 2022-2026 with a vision to 3020 and beyond.
2 ILO. 2024. Report of the mid-term review of the National Social Protection Strategy in the Lao People's Democratic Republic.
3 ILO. 2024. Understanding informality and expanding social security coverage in the Lao People's Democratic Republic.

Since 2022, the LSSO and the ILO have worked in close partnership to strengthen social security inspections capacity in the country as well as support businesses to comply with Law on Social Security and the Law on Health Insurance. In such efforts, the LSSO is exploring innovative ways of enforcing compliance with social security rules and regulations.

Against this context, the ILO commissioned a study to map government licensing and bidding processes across selected ministries and identify opportunities to integrate proof of social security registration as a requirement for enterprises in these processes in cooperation with the LSSO. While the inclusion of such proof in licensing and bidding does not alter the legal obligation to comply with the Law on Social Security and the Law on enterprises, it would serve as an additional mechanism to strengthen enforcement of its provisions. As such, the primary objectives of this research are to:

- Identify and map the licensing and public bidding processes in key ministries and assess whether and how they can be leveraged to enforce social security compliance.
- Analyse the current regulatory frameworks governing these processes to identify gaps and challenges in ensuring compliance with social security registration requirements.
- Develop actionable recommendations to strengthen the integration of social security compliance into licensing and public bidding processes in support of efforts to expand social security coverage and formalization of employment in Lao PDR.

1.2. Scope of work and methodology

This consultancy, supported by the LSSO, aimed to identify the feasibility and options for integrating social security compliance into licensing and public bidding processes. The approach involved a multi-step methodology:

Mapping of 30 licensing and public bidding mechanisms: The initial step consisted of a comprehensive mapping of licensing and public bidding mechanisms across 15 government ministries to identify those most relevant to the objectives of the study (see Annex 1). From this initial mapping, eight key ministries were selected for a detailed review, based on their volume of business operating licenses, significance in public procurement, and potential for integrating social security compliance (see Annex 2 for the justifications). Table 1 provides an overview of the selected Ministries and licenses.

▶ Table 1. Licensing mechanisms selected for review under the study.

Ministry	Licensing mechanism
Ministry of Industry and Commerce	1. Certificate of enterprise registration 2. License to Operate Fuel (Gas) Station 3. License to Operate Domestic Fuel Distribution Business 4. License to Operate Fuel Depot Rental Business
Ministry of Planning and Investment	1. Licensing for foreign investments and large-scale investments 2. Licensing for Special Economic Zone (SEZ)
Ministry of Public Security (MPS)	1. License for public security service businesses

Ministry	Licensing mechanism
Ministry of Agriculture and Forestry	1. License to Operate Agricultural and Forestry Business 2. License to Distribute Agriculture Tools, Fertilizers, Pesticides, Seeds Retail License 3. License to Establish an Animal Farm 4. Licenses to Operate an Animal Pharmacy and Equipment Store License to Operate Animal Clinics
Ministry of Health	1. Licensing Pharmacist to Establish a Medical Equipment Factory 2. Licensing Pharmacist to Establish a Drug and Medical Product Import-Export Company 3. License to Operate a Private Hospital 4. License to Operate the Private Medical Clinic
Ministry of Information, Culture, and Tourism	1. License for media-related businesses like publishing, radio, and television. 2. License for businesses in the tourism sector. 3. License for businesses in the entertainment industry (Theatre, Karaoke bars, nightclubs, and live music venues)
Ministry of Education and Sport	1. License for the Establishment of International School, Primary School, Secondary School, and High School. 2. License to Establish the Pre-School Education Institution 3. License to Establish a Centre/School/College for Vocational Education
Ministry of Public Works and Transport	1. License to Operate a Road and Traffic-related Business. 2. Business Operating License to provide Bus Station Service between Provincial and Cross-border. 3. Business Operating License for Road-Bridge Construction 4. Licenses for Domestic and International Land Freight Transportation 5. Licenses for Rail Freight Transportation Services 6. License for Railway Infrastructure Construction and Repair 7. Business Operating License for Housing Construction

Review and Gap Analysis of licensing processes: For the selected eight ministries, the approval requirements of up to 30 licensing and public bidding mechanisms were analysed to gauge whether social security registration was a required criterion. This analysis identified gaps and opportunities for better integrating compliance with social security rules and regulations into the processes.

Stakeholder Consultations: Interviews with representatives from the eight selected ministries were conducted, namely: the Ministry of Industry and Commerce (MoIC), Ministry of Planning and Investment (MPI), Ministry of Health (MoH), Ministry of Education and Sports (MoES), Ministry of Agriculture and Forestry (MAF), Ministry of Public Works and Transport (MPWT), Ministry of Public Security (MPS), and the Ministry of Information, Culture, and Tourism (MICT). These consultations provided qualitative insights into the practical implementation of existing regulations. The list of key informants consulted can be found in Annex 3.

Final Report: The present report summarizes the key findings and provides recommendations.

2

Current landscape of licensing and public bidding mechanisms

The amended Law on Enterprises (2023) and the amended Law on Investment Promotion (2024) outline the principles, procedures, and measures for establishing and operating enterprises and making investments across all economic sectors in Lao PDR. Both laws highlight the obligations of employers with regards to social security:

- Law on Investment Promotion (2024), Article 74 (Amended) outlines the social obligations that investors must fulfil in Lao PDR. Specifically, it mandates the implementation of insurance and social security regimes for employees of their enterprises in compliance with laws and regulations. Furthermore, investors are required to facilitate the formation of – or the participation in existing - mass organisations such as the Lao Federation of Trade Unions, compensate affected individuals, and contribute to social development.
- Law on Entreprises (2023), Article 8 (Amended) requires enterprises to conduct business in compliance with their stated purposes and accounting rules. They must fulfil their obligations to the State, including joining the social security system and protecting the legitimate rights and interests of workers. Moreover, enterprises are expected to contribute to national and public security, preserve the environment, provide information, and cooperate with authorities to uphold regulatory compliance.

The legislative framework governing the establishment and operation of enterprises thus makes direct reference to the obligations of employers with regards to social security – reiterating the obligations outlined in the Law on Social Security (2013). The subsequent sections in this chapter outline whether and how compliance and obligations relating to social security are verified during the processes to set-up and operate business activities in the country.

2.1. Overview of the procedures for starting business activities in Lao PDR

The process for starting a business in Lao PDR is governed by the amended Enterprise Law (2023) and the amended Investment Promotion Law (2024), which establishes clear steps for registration requirements. The first step for all businesses is to obtain an Enterprise Registration Certificate (ERC) from Enterprise Registration and Management Department of the MoIC, which serves as the primary legal foundation for business operations. Applications are submitted to the enterprise registrar (whether at central or provincial levels depending on the scale of the operation) based on the business's location, and upon approval, the ERC is issued along with a Taxpayer Identification Number (TIN) within three working days. This step is essential for legally establishing the business entity. The ERC does not require renewal, but registration information needs to be kept updated.

Historically, evidence of registration with social security was a requirement to obtain the ERC, but this obligation has been removed following Prime Ministerial Order No. 03/PM, dated January 21, 2020, which emphasized the importance of "streamlining" business registration processes to attract investment. As a result, evidence of registration with social security is currently not required to obtain an ERC. However, even when social security registration was a requirement to secure an ERC, KIIs noted inconsistent implementation, serving mostly to flag non-compliant businesses, but with weak enforcement and verification thereafter which limited the overall impact on compliance.

Thereafter, significant differences in processes exist, depending on whether a business's activities fall within the scope of the Controlled Business List and Concession List[4] (see box 1).

▶ Box 1: Controlled Business List and Concession List

In Lao PDR, the requirements applicable to enterprises to begin business activities depends on whether they fall within the Controlled Business List and the Concession List. The Controlled Business List and Concession List refer to businesses whose activities have potential to impact on national security, public order, cultural heritage, environmental sustainability, and socio-economic stability[5]. The list of business activities subjects to stricter regulation and oversight are outlined in the Annex of Prime Minister Decree 03/PM of 2019 on the approval of the controlled business list and concession activity of Lao PDR. The List is organized by sector and outlines which laws and regulations apply to each business activity. The Government periodically updates and determines the Controlled Business List, ensuring that regulatory requirements align with national priorities.

For businesses outside the Controlled Business List. After obtaining the ERC, no further licensing processes are required unless specified by sectoral laws. For example, certain industries require additional certifications or approvals based on health, safety, or environmental standards. However, businesses that do not fall under such regulations can immediately begin operations upon receiving their ERC.

For businesses under the Controlled Business List or Concession List. Businesses classified under the Controlled Business List and Concession List are subject to stricter regulatory requirements.

- As a first step, such businesses must obtain approval from relevant sector authorities to be able to secure an Investment License. Applications are submitted to and issued by the Ministry of Planning and Investment (MPI)[6].
- Businesses must then obtain approval from appropriate line ministries to be able to secure a Business Operating License, issued by the MPI. For example, healthcare facilities (such as private clinics and hospitals) must obtain approval from the Ministry of Health (MoH) and agricultural enterprises must apply for licensing from the Ministry of Agriculture and Forestry (MAF). These licenses typically require compliance with sector-specific regulations, including safety standards, environmental impact assessments, and operational certifications to mitigate potential risks associated with their operations.

4 Prime Minister Decree No. 03/PM, 2019, Decree on the approval of the controlled business list and concession activity of Lao PDR.
5 As per Article 34 of the Law on Investment Promotion (2016).
6 Kindly note that the research was conducted in 2024, prior to the government reshuffle in 2025 which led to the merger of the Ministry of Planning and Investment with the Ministry of Finance.

2.2. Types of licenses

According to the Enterprise Law (2023) and Investment Promotion Law (2024), obtaining a business operating license, a concession business license and an enterprise registration license follow a structured process overseen by the MoIC and MPI. Business operating licensing and the concession business license apply to businesses that fall under the Controlled Business List and the Concession List (respectively), while the Enterprise Registration License applies to investors seeking to operate in Special Economic Zones (SEZs) requiring additional approvals before they can operate.

- The **Business Operating License** is issued by the MoIC for business activities under the Controlled Business List. Businesses on the List must obtain additional approvals from the relevant sectoral ministries before receiving a Business Operating License from the MoIC. Applications are submitted to the MoIC which conducts a first review and forwards the application to the appropriate sectoral authority for assessment, which typically includes an evaluation of the business plan, articles of association (if applicable), financial stability, and compliance with labour, social security, and environmental regulations. The subsequent sections in this report outline the processes for a selection of sectors. Once approved, the Business Operating License is issued by the MoIC, typically within five working days.

- The **Concession Business License** is managed by the MPI for large-scale investments or investments of national significance that go beyond standard business operations (e.g. natural resource concessions, energy projects), as outlined in the Concession List, to ensure alignment with national development goals and regulatory compliance. Investors must submit a detailed application in accordance with the Investment Promotion Law (2024) which undergoes a technical and regulatory review which is conducted by the Investment Promotion Department of the MPI in coordination with relevant sectorial ministries depending on the project. The review consists of an evaluation of the economic impact assessments, investment capital and financial commitments, environmental and social obligations, and compliance with labour and social security regulations. The Committee for Investment Promotion Management (CIPM) further reviews applications in a formal meeting and issues recommendations. Upon CIPM approval, the proposal is submitted to the Prime Minister's Office, the MPI or provincial governor's office for final endorsement, depending on the scale of the project. Once approved, a Concession Business License is issued, granting the business legal operating rights. The Concession Business License is issued for a period of 10-30 years, with renewal subject to compliance with investments conditions.

- An **Enterprise Registration License** is required for businesses seeking to operate in Special Economic Zones (SEZ), who must follow a specific procedure managed by MPI through the Secretariat of the of the National Committee for Special Economic Zones under the Prime Minister's Office. Investors submit proposals for SEZ-based operations, which are then reviewed by the Secretariat for compliance with SEZ regulations. Upon approval, an Enterprise Registration License is issued, facilitating business operations within the zone. Investors must comply with the Investment Promotion Law (2024), which includes provisions for social security registration. However, enforcement of these obligations within SEZs remains inconsistent due to coordination challenges between SEZ management bodies and national labour authorities. The ERL requires periodic renewal depending on the sector.

2.3. Overview of requirements to access Business Operating Licences across the selected sectoral ministries

The following section provides an overview of the requirements to secure business operating licenses, focusing on those selected as outlined above. To note that the specific terminology for each license varies across sectors and laws, but for the purposes of this report, the term "business operating license" is adopted across all given their common objectives. The review outlines the requirements and specifies which – if any – social security requirements are included. It discusses the willingness and challenges identified during the research to integrating social security within the licensing process. In all cases, business operating licenses require renewal (whether annually or every two years).

▶ Box 2: One-Stop Service Office (OSSO): Centralized Investment and Business Registration Hub

The OSSO, overseen by the MPI, was created to simplify business registration, licensing, and investment approvals in Lao PDR for business activities under the Controlled Business List and the Concession List. It provides a centralized hub for businesses and investors to complete key administrative processes related to enterprise registration, taxation, and legal compliance.

The OSSO operates at both national and provincial levels, coordinating with multiple agencies, including the MoIC, MoF, and provincial/municipal authorities. It plays a key role in facilitating investment approvals and tax registration.

However, the OSSO does not include social security registration, meaning businesses must register separately with the LSSO. This gap increases the risk of delayed or incomplete social security compliance. To address this, integrating LSSO services into the OSSO process could improve compliance and reduce administrative burdens on businesses.

Source : *MPI webpage, https://investlaos.gov.la/*

2.3.1. Ministry of Industry and Commerce (MoIC)

The MoIC plays a critical role in regulating business operations and trade activities across various sectors, as highlighted above. This section focuses, however, on the requirements for the licenses governed by the Decree on Petroleum business no. 331/PM (2017), which are overseen by the MoIC, and which cover businesses engaged in the import, storage, and distribution of fuel. The licenses covered are:

- License to Operate Fuel (Gas) Station
- License to Operate Domestic Fuel Distribution Business
- License to Operate Fuel Depot Rental Business

The licensing processes are managed by the Domestic Trade Department (DTD) within the MoIC and include several requirements, namely:

- Business account details at a local bank – this is to verify that the business owns sufficient capital. Requirements vary depending on the business activities.
- Other relevant technical certificates, including for example compliance with environmental standards or minimum infrastructure standards. For example, fuel important and exportation businesses must demonstrate ownership of fuel storage facilities and a fleet of at least 20 transportation vehicles.

As the above indicates, there are no requirements for applicants to demonstrate compliance with social security laws and regulations to obtain and renew business operating licenses issued by DTD, whether in terms of the registration of their workforce to the LSSO or the payment of contributions on their behalf. Inspections conducted under the MoIC – whether with businesses governed by the Decree on Petroleum Business or beyond - primarily focus on sector-specific standards. While in some cases (e.g. sectors with high visibility) inspections do cover social security compliance, this is not systematic, consistent, nor are any penalties issued given that compliance with social security obligations is not mandatory. However, MoIC staff highlighted their support to the inclusion of social security registration as a mandatory requirement for business operating license renewal applications, recognizing it as a critical step to ensure workforce social protection.

3.3.2. Ministry of Health (MoH)

The MoH ensures the quality and safety of business activities related to healthcare and pharmaceutical through stringent licensing mechanisms. In this review, five licences governed by two laws were reviewed.

The Law on Healthcare no. 48/NA (2024) governs procedures to secure a license to Operate a Private Hospital and the license to Operate the Private Medical Clinic. The procedures aim to ensure that private hospitals and clinics meet minimum clinical and safety standards. Requirements to obtain the License to Operate a Private Hospital include that the applicants must have a minimum registered capital of 2 billion LAK for foreign investments and provide modern facilities equipped with adequate medical equipment, water treatment systems, and hazardous waste management. Applicants must also present the enterprise's business plan, proof of medical staff qualifications, facility layout plans, and environmental and safety compliance certificates. hospitals established with foreign investment (whether foreign-owned or joint ventures with Lao nationals) must employ at least one qualified Lao doctor with a minimum of 10 years of experience and a clean professional record. The business operating license is issued within 30 days of receiving the request, provided all supporting documents are complete. This license is valid for a period of two years and must be renewed before its expiration to maintain compliance.

In turn, Law on Medicine and Medical Product (2023) outlines requirements for the following licences:

- **Licensing Pharmacist to Establish a Medical Equipment Factory** aims to regulate the production of medicines and medical devices to prevent harm to users. Applicants must hold a pharmacy degree, a professional pharmacist license, and at least five years of relevant experience. Facilities must be contamination-free, equipped with standardized equipment, and include proper storage facilities.
- **Licensing Pharmacist to Establish a Drug and Medical Product Import-Export Company** requires for the operations of such companies to be overseen by qualified pharmacists with a valid professional pharmacist license and at least five years of experience. Facilities are required to comply with Good Storage Practices and Good Wholesale Practices.

Article 13 of the Law also stipulates that all medicines and medical products must be registered with the Food and Drug Department of the MoH prior to distribution, ensuring alignment with national regulatory standards.

None of the procedures reviewed include explicit requirements relating to compliance with social security laws and regulations, although Article 12 of the Law on Medicine and Medical Product (2023) does require enterprises to comply with the relevant enterprise laws before commencing operations. The MoH emphasized that it would be beneficial to include social security compliance as a requirement during the licensing renewal process. Incorporating mandatory social security compliance into the licensing framework would provide better protection for healthcare workers, particularly important given the social and healthcare risks faced by workers in the sector.

2.3.3. Ministry of Public Security (MPS)

The Ministry of Public Security regulates public security businesses to maintain national safety and social order. As defined in Prime Minister's Decree No. 183/PM on public security business management (2020), these businesses include private security services, surveillance systems, and related operations impacting national security.

To secure a Business Operating License for Public Security Service Businesses, enterprises intending to engage in this sector must submit an application to the MPS for consideration. The approval process by the MPS involves a thorough assessment of the applicant's background, financial stability, and compliance with national security standards. Subsequently, licensed businesses are required to adhere to strict operational guidelines set forth by the MPS, which is tasked with the continuous monitoring of these businesses to ensure compliance with the established regulations. Non-compliance can result in penalties, including suspension or revocation of licenses. Upon review and approval, the MPS will issue the business operating license within 8 working days, while the license is valid for a period of three years.

The licensing process does not require proof of LSSO registration for employees. However, Article 44 of the Decree no 138/PM does stipulate that, in the course of their operations, businesses are expected to fulfil state obligations, protect the legitimate rights and interests of workers, and comply with other obligations outlined in applicable laws and regulations – although with no explicit reference to social security. MPS officials do recognize the importance of integrating mandatory social security registration into the license renewal process to ensure worker protection and regulatory compliance.

2.3.4. Ministry of Information, Culture, and Tourism (MICT)

The MICT manages the licensing processes for businesses across diverse sectors, including media, tourism, entertainment, and hospitality. These processes are designed to regulate business activities, maintain quality standards, and ensure alignment with the government's cultural, social, and economic objectives.

It is important to highlight from the outset that all businesses operating in the tourism industry must apply for a business operating license authorised by the MICT to operate legally, regardless of whether they are on the Controlled Business List or not.

License for media-related businesses (publishing, radio, and television): Entreprises seeking a business operating licence to operate media-related activities (publishing and printed advertisement design shops) must demonstrate technical expertise, qualified staff, and adherence to regulations to obtain licenses, with the objective of ensuring compliance with national interests and ethical standards.

License for businesses in the tourism sector: Business operating licenses for businesses seeking to operate in the tourism sector (including tour operators, hotels, and guesthouses) are governed by the Law on Tourism (Amended) no.63 NA (2024) and meet specific standards and guidelines. For example, tour operators must meet criteria such as a minimum registered capital of 142 million LAK, a detailed investment plan, and qualified staff proficient in foreign languages and tourism management. Hotels and guesthouses must comply with stringent standards for safety, hygiene, and service quality, with applications reviewed by national or provincial authorities. For businesses seeking to operate tourist attractions or tourism activities in protected areas, protected forests and production forests, the MICT must coordinate with the MAF and the Ministry of Natural Resources and Environment, as well as district and provincial authorities who oversee land use and community approvals to authorise a business operating license in accordance with this Law. Similarly, relevant laws and regulations applicable to Special Economic Zones must also be followed by any businesses seeking to operate therein. There is, in turn, a specific regulation governing processes for enterprises seeking to operate an electronic tourism business.

Business operating licenses are issued after seven days in the case of activities under the Controlled Business List, or within fifteen days for activities under the Concession List.

License for businesses in the entertainment industry: The Decree on Entertainment Business no. 315/GOV (2017) outlines the procedures and requirements to obtain a licence for businesses seeking to operate in the entertainment industry (e.g. theatre, Karaoke bars, nightclubs, and live music venues). Depending on their scale, applications are processed at the central or provincial levels. Individuals or legal entities intending to operate an entertainment business must meet minimum age requirements, demonstrate a clean criminal record, must provide proof of financial stability and must fulfil all tax obligations. Depending on the specific characteristics of each type of entertainment venue, additional general and specific standards must be adhered to, including in relation to the infrastructure. For example, for restaurants and pubs, licenses mandate good hygiene practices, proper waste management systems, and sufficient parking facilities, with responsibilities divided among government levels based on investment size. Issued licenses are valid for a period of two years.

The existing licensing processes do not require businesses to systematically provide proof of registration with the LSSO for their employees. Key informants within the MICT did believe that registration with the social security system should be made a mandatory requirement, especially for license renewal applications.

2.3.5. Ministry of Agriculture and Forestry (MAF)

The Ministry of Agriculture and Forestry is responsible for regulating and licensing business activities across agriculture, forestry, and livestock sectors. These processes aim to ensure compliance with technical, safety, and environmental standards while supporting sustainable economic development. Business operating licenses overseen by the MAF include those for operating agricultural and forestry businesses, distributing agricultural tools and inputs, establishing animal farms, and running veterinary pharmacies, equipment stores, and clinics.

The Law on Agriculture No. 01/98/NA (1998) and the Law on Forestry (Amendment) no. 64/NA (2019) outline the requirements for two licenses reviewed under this study, namely:

- License to Operate Agricultural and Forestry Business
- License to Distribute Agriculture Tools, Fertilizers, Pesticides, Seeds Retail License

These licenses are applicable to businesses encompassing the cultivation of crops, raising livestock, and fishing, which are then further divided into specific categories. The laws outline the technical standards and regulations with which prospective and existing businesses must comply. Applicants must provide feasibility studies, and comply with environmental and social impact assessments, with business operating licenses typically valid for one year and subject to annual renewal. Similarly, businesses involved in the distribution of agricultural tools, fertilizers, pesticides, and seeds must adhere to strict safety and storage standards, ensuring the safe use of inputs in order to obtain and renew their business operating licenses.

The Law on Livestock and Veterinary (Amended) no. 08/NA (2016) outlines the requirements for the following three licenses reviewed in this study:

- **License to Establish an Animal Farm:** Licenses for establishing animal farms regulate breeding activities for domestic and export markets, and the scale of operations determines the licensing authority, with national, provincial, or district-level offices responsible for approvals. Businesses must comply with general and species-specific standards, including waste management and animal welfare.
- **Licenses to Operate an Animal Pharmacy and Equipment Store:** Veterinary pharmacies and equipment stores must meet requirements for facility standards, qualified personnel, and proper storage of veterinary drugs. Applications are submitted to the Livestock and Veterinary Management Agency.
- **License to Operate Animal Clinics:** Clinics are required to have licensed veterinarians, separate facilities, and appropriate medical equipment.

All three licenses are subject to renewal based on updated documentation and periodic inspections.

Currently, licensing and license renewal processes for business activities in the agriculture, forestry, and livestock sectors do not require proof of LSSO registration. Article 10 of the Law on Agriculture does outlines the rights and duties of those engaged in agricultural activities, including obligations related to taxes, duties, and other regulatory requirements, but no specific reference is made to social security. In turn, post-licensing inspections in agriculture, forestry, and livestock focus on production quality, environmental impact, and disease control.

2.3.6. Ministry of Education and Sport (MoES)

The Ministry of Education and Sport oversees the business operating licensing process for private educational institutions, including international schools, primary and secondary schools, preschools, and vocational education centres, with the goal of upholding educational standards, ensuring quality, and aligning with national development objectives. Three licenses were reviewed under this study, the requirements for which are outlined in the Education Law no. 62/NA (2015).

1. **License for the Establishment of International School, Primary School, Secondary School, and High School:** Schools must comply with the National Education Strategy and teacher qualifications, and international schools face additional requirements, including approved curricula and mandatory Lao shareholder representation. Licensing responsibilities are decentralized, with district and provincial authorities under the oversight of the MoES overseeing primary and secondary school approvals, which are based on factors such as location, building standards, and teacher-student ratios.

2. **License to Establish the Pre-School Education Institution:** Applicants must meet standards related to safety, child development programs, and teacher qualifications.

3. **License to Establish a Centre/School/College for Vocational Education:** Reviews cover curriculum relevance, training facilities, and staff qualifications, with applications reviewed by district or provincial authorities depending on the institution's scale.

Typically, licensing reviews take 14 working days. Licenses are valid for a period of three years.

Social security compliance for employees is not explicitly mandated in the licensing process. However, officials from the MoES emphasized the importance of integrating social security compliance into license renewal processes across all ministries, particularly for larger institutions with large workforces.

2.3.7. Ministry of Public Work and Transportation (MPWT)

The Ministry of Public Work and Transportation oversees and manages infrastructure development and transportation services across the country, issuing licenses for infrastructure and transportation projects. The licensing processes reflect the ministry's commitment to maintaining safety and quality across its regulated sectors, ensuring compliance with regulatory standards while promoting sustainable growth.

The requirements and processes for obtaining a business operating license under the MPWT are governed by the Law on Construction (2009), the Regulation on Licensing to Conduct Business in the Public Works and Transport Sector (2015), the Law on Land Transportation (Amended) no. 24/NA (2012) and the Instruction governing the Establishment of Controlled Business in Public Works and Transportation Sector no. 05949/MPWT (2019). Businesses must comply with the conditions and qualifications specified in the instruction, which cover various sectors, including Transport, Infrastructure construction for public works, Urban planning and water transport and Rail transport.

1. **License to Operate a Road and Traffic-related Business:** The license applies to activities such as traffic design, installation, and road safety inspections, requiring applicants to meet stringent technical qualifications and utilize modern equipment.

2. **Business Operating License to provide Bus Station Service between Provincial and Cross-border:**

Applicants must adhere to infrastructure and staffing standards, ensuring the effective and safe management of passenger and freight terminals.

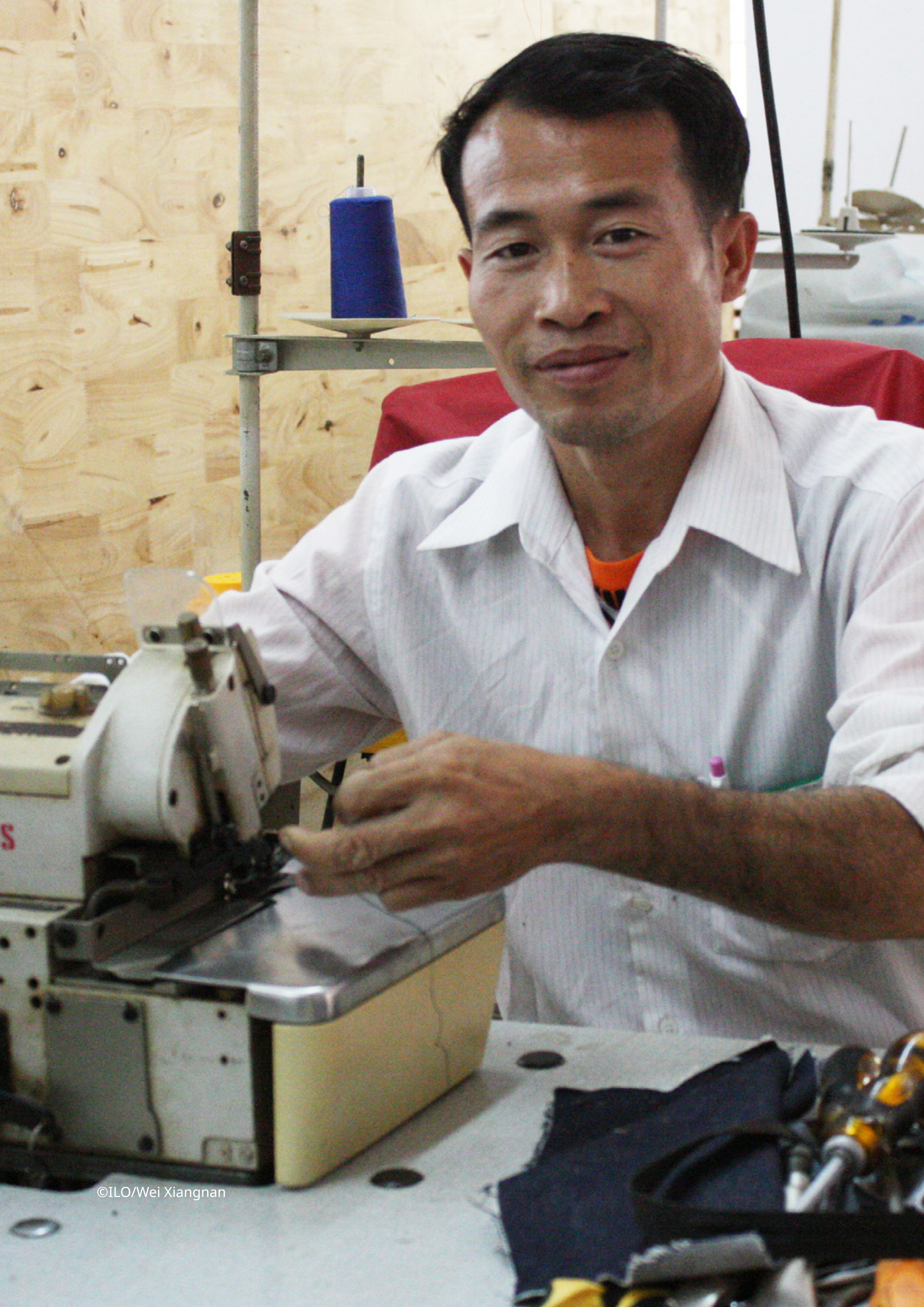
3. **Business Operating License for Road-Bridge Construction:** Applicants must meet strict requirements related to capital investment, technical expertise, and the provision of financial guarantees to ensure quality and accountability.
4. **Licenses for Domestic and International Land Freight Transportation:** Applicants must maintain a minimum fleet size of 20 vehicles and demonstrate compliance with logistics standards and staff qualifications.
5. Licenses for Rail Freight Transportation Services
6. **License for Railway Infrastructure Construction and Repair:** Applicants are subject to rigorous oversight to uphold safety and operational efficiency in this emerging sector.
7. **Business Operating License for Housing Construction:** Applicants to meet specific criteria for site surveys, architectural design, and project management, ensuring structural integrity and compliance with national guidelines.

In addition to meeting sector-specific qualifications, businesses must fulfil specific requirements related to capital and technical skills, which vary depending on the sector. This license is valid for a period of one years.

At present, businesses applying for licenses are not required to provide proof of LSSO registration. Article 21 of the Law on Land and Transportation does state that the establishment of a public transportation business must comply with the Law on Investment Promotion which, as highlighted above, requires investors to implement social security and insurance systems for their employees. However, the licensing process itself does not include verification of compliance. In turn, post-licensing inspections conducted by the MPWT predominantly centre on verifying adherence to technical, environmental, and operational standards.

2.4. Public bidding

The process of bidding for public contracts is managed through line ministries or the MPI, with a strong emphasis on transparency, efficiency, and alignment with development strategies. The bidding process usually includes steps such as announcement of tenders, eligibility screening, submission of technical and financial proposals, and evaluation against cost and quality criteria, etc... Importantly, eligibility criteria do not include provisions for compliance with social security obligations, or even wider compliance with the provisions of the labour law. These are also not included in the evaluation process. This lack of oversight allows non-compliant businesses to participate and potentially win contracts, undermining the enforcement of workforce protections mandated under the Law on Investment Promotion (2016).



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3

Summary of findings

The legal framework clearly stipulates employers' obligations to register and pay contributions to the LSSO, including in the Law on Social Security, while also highlighted in the Law on Entreprises and the Law on Investment Promotion. In turn, many of the laws governing sectoral licensing processes make explicit reference to the obligations of enterprises under these laws, implicitly mandating compliance with social security obligations.

However, none of the 30 business operating licensing processes analysed currently require evidence of registration with social security, although the MPI is currently reviewing processes to consider the introduction of such requirements in order for businesses to access investment incentives. And while such requirements had historically been integrated within the broader enterprise registration process, this obligation has been removed, perceptibly as a means of "streamlining" the process, as per Prime Ministerial Order No. 03/PM, dated January 21, 2020. Yet, sectoral ministries consulted as part of this research were open to the integration of social security compliance in sectoral licensing procedures. Public bidding processes also fail to address social security compliance, resulting in a situation where non-compliant businesses are able to secure public contracts.

This disconnect between the obligations outlined in the legal framework and the processes governing licensing and public bidding highlights a gap between legislative intent and practical implementation, representing a missed opportunity to strengthen compliance through regular licensing and public bidding processes. This is a particularly significant gap, especially considering that many of the sectors reviewed are prone to significant occupational hazards or high rates of informal employment and where social protection coverage for workers is of particular importance. This disconnect undermines efforts to expand social protection coverage as envisioned in the 9th NSEDP and NSPS.

The research also highlights weaknesses in the monitoring and enforcement of social security compliance across sectors. Post-licensing inspections conducted by line ministries focus predominantly on technical, operational, and environmental standards, with little to no attention paid to compliance with labour and social security obligations, and limited coordination with the LSSO. This may in part be explained by weaknesses of provincial and district level bodies and staff capacities, which could be strengthened through greater trainings and budget allocations to improve monitoring efforts. Furthermore, weak inter-agency collaboration, limited inspector training, and the absence of centralized compliance tracking systems further exacerbate enforcement challenges. Enforcement is noted as particularly weak within SEZs, which often operate under relaxed oversight mechanisms. One major challenge is the lack of coordination and cooperation between SEZ management bodies and national labour and social security authorities, which hampers efforts to conduct labour inspections and enforce social security compliance.

While not strictly within the scope of licensing and public bidding, relevant reforms are currently being considered relating to the requirements to access investment incentives such as tax exemptions, import duty exemptions, or other financial benefits. Indeed, the MPI is currently elaborating a new protocol, expected to be finalized in 2025, to strengthen enforcement mechanisms for economic and social obligations by requiring those applying for incentives to provide evidence of social security registration for their employees. By linking investment incentives to compliance, MPI aims to create a direct and tangible incentive structure, encouraging enterprises to uphold their responsibilities to employees. The LSSO is actively involved in these discussions, with the protocol expected to enhance inter-ministerial collaboration, with MoLSW and the LSSO expected to play a key role in verifying compliance data submitted by applicants. This new initiative demonstrates the possibilities and potential entry-points for embedding social security compliance within wider national economic policies and processes.

4

Recommendations

Based on the findings of the review, the following recommendations are made to improve compliance with social security standards, including through licensing and public bidding processes, in line with Lao PDR's socio-economic development goals.

1. **Mandating social security registration proof for business operating license renewals:** The first recommendation focuses on making proof of social security registration and contribution payments mandatory for business operating license approvals and renewals through adjustments of relevant regulations. This would require businesses to submit proof of social security registration for all employees to obtain and maintain renew their licenses. It is essential for such processes to be implemented in a phased manner, complemented by strengthened efforts by the LSSO to raise awareness among businesses of their obligations and the procedures to apply, and to provide direct support to businesses to facilitate the process. Here, integrating LSSO officers within the OSSOs at central and provincial levels could be considered to facilitate this process. Further, incentives such as reduced licensing fees could be offered to compliant businesses to promote adherence and foster a culture of compliance. These could include reduced licensing fees, but additional types of incentives could be considered. Past experience in including social security compliance in the process of accessing ERCs also highlights the significant importance of ensuring consistency in the application and strengthening monitoring and enforcement to ensure such requirements translate into improved compliance.

2. **Linking social security registration with investment incentives.** The current proposal to require businesses to demonstrate social security compliance as a condition for accessing investment incentives – including tax holidays and import duty exemptions – should be prioritized and issued. Such an approach would ensure coherence and alignment between policies that aim to promote economic growth and investment with national social and economic policies.

3. **Strengthening coordination between sectoral inspection mechanisms.** Currently, there is limited coordination between the inspection efforts of line ministries, including with labour and social security inspectors. Options here include providing training to sectoral line ministry inspectors to assess social security compliance during routine inspections and refer non-compliant cases to LSSO inspectors. This would require for sectoral inspections to be themselves implemented more regularly, systematically, and comprehensively, according to proper guidelines and SOPs, and with findings filed, analysed, and acted on, as gaps currently exist across these dimensions due to staff and funding deficits. Alternatively, joint inspections, particularly with the Ministry of Labour and Social Welfare's Labour Inspectorate and the LSSO Social Security Inspectorate, could also be envisioned, creating synergies and promoting efficiency.

4. **Strengthening data sharing and integration of information management systems across ministries.** The above recommendation would be strongly supported by a centralized tracking interface that would enable LSSO records and registration and licensing systems to be linked and automating cross-checks of records

across databases compliance checks. Such digital approaches can promote compliance by streamlining processes and reducing the administrative workload - both for the government and enterprises. Further, a unified system that would allow businesses to fulfil multiple registration and reporting requirements in a single step would enhance efficiency while ensuring that enterprises meet their legal obligations.

5. **Enhancing LSSO capacity to raise awareness and provide direct support to businesses.** All of the above recommendations must be underpinned by strengthened capacities of the LSSO to raise awareness and enhance the support available to businesses to navigate the registration and contribution payment mechanisms. This is essential to promote compliance by addressing any potential awareness and administrative barriers that may be driving lack of compliance.

5 Annexes

Annex 1. Mapping of Business Operating Licenses in Lao PDR

Ministry	Department	License
Bank of The Lao PDR	Bank Supervision Department	▶ License for Operating a Credit Guarantee Company ▶ License for Operating a Debt and Asset Management Company
	Foreign Exchange Management Department	▶ Permit for Import-Export of Gold (Gold Bars) for International Settlement Payments
	Lao Securities Commission Office	▶ License to Establish Security Company ▶ License to Establish a Custodian Bank ▶ License to Operate a Foreign Credit Rating Agency ▶ Accounting and Auditing Firm License ▶ License to establish an asset management company ▶ License to Conduct Securities Business as a Securities Company ▶ License to Conduct Securities Business ▶ Business Operating License for Stock Deposit Centre ▶ License for Operating an Investment Fund Management Company
	Monetary Policy Department	▶ License to Operate Business on Import-Export Gold that used for International Settlement Payment ▶ License to Operate a Currency Exchange Business

Ministry	Department	License
	Non-Bank Financial Institution Supervision Department	▶ License to Operate a Leasing Company ▶ License to Operate a Pawnshop Business ▶ Deposit-Taking Microfinance Institution License ▶ Credit and Savings Cooperative Operating License ▶ License to operate a Non-Deposit-Taking Microfinance Institution Business ▶ License to Operate a Banking Business
	Payment Systems Department	▶ License for Providing Payment Services ▶ License for Providing Subsystem Services ▶ License for Buying and Selling Cryptocurrency
Ministry of Agriculture and Forestry	Agriculture and Forestry Department	▶ License to Operate Agricultural and Forestry Business ▶ License to Distribute Agriculture Tools, Fertilizers, Pesticides, Seeds Retail License ▶ License to Operate Agricultural and Forestry Business (for an Irrigation Business (3rd Scale))
	Department of Planning and Cooperation	▶ License to operate agriculture and forestry
	Irrigation Department	▶ License to Operate Irrigation Business
	Livestock and Fishery Department	▶ License for Investment in Concession Business ▶ License to Operate Animal Clinics ▶ Licenses to Operate an Animal Pharmacy and Equipment Store ▶ License to Establish an Animal Farm
Ministry of Education and Sports	Department of General Education	▶ License for the Establishment of International School, Primary School, Secondary School, and High School.
	High Education Department	▶ Agreement for Upgrading College to Institution
	Pre-School Education Department	▶ License to Establish the Pre-School Education Institution
	Technical and Vocational Education Department	▶ License to Establish a Centre/School/College for Vocational Education

Ministry	Department	License
Ministry of Energy & Mines	Department of Mines Management	▶ Mining License
	Department of planning And Finance	▶ License to Operate Gravel-Sand Excavation Business
	Mine Management Department	▶ License to Provides Services Related to the Mining Business
Ministry of Finance	Accounting Department	▶ License to Operate Accounting Enterprise ▶ License to Operate Auditing Enterprise
	Department of State-Owned Enterprise and Insurance Management	▶ License to Operate Non-Life Insurance Company (Temporarily Suspended) ▶ License for Operation of Life Insurance Business (Temporarily Suspended) ▶ License to Establish the Insurance Broker Company for Legal Entity ▶ License to Establish the Insurance Agency (For individual)
Ministry of Health	Food and Drugs Department	▶ Licensing Pharmacist to Establish a Medical Equipment Factory ▶ Licensing Pharmacist for 3rd Class Pharmacy ▶ Permit of Imported Drugs Registration
Ministry of Industry and Commerce	Department of Internal Trade	▶ License to Operate Domestic Fuel Distribution Business ▶ License to Operate Fuel Depot Rental Business ▶ License to Operate Internal Trade Business
	Department of Enterprise Registration	▶ Individual enterprise registration certificate
	Department of Foreign Trade	▶ Business Operating License on Import and Export (Vehicle) ▶ Business Operating license to import and export precious object
	Department of Industry and Commerce	▶ Business Operating License for Market ▶ License to Operate Fuel (Gas) Station ▶ Business Operating License for Shopping Centre

Ministry	Department	License
	Mass Media Department	▶ Permit to Produce, Import and Distribute Equipment that Consists of Satellite Dishes, Satellite Receivers or Devices to Receive Satellite Radio and Television Signals ▶ License to establish a newspaper ▶ License to Establish a Magazine ▶ License to establish a print shop ▶ License to establish a Cable TV station ▶ License to establish an UHF TV station ▶ License to establish an Internet protocol TV station ▶ License to Establish a Terrestrial TV Station ▶ License to establish a radio station
Ministry of Information, Culture and Tourism	Department of Cinema	▶ License to Establish a Cinema
	Department of Tourism Business Management	▶ License to Operate a Tourism Site Service Business ▶ License to operate Restaurant ▶ License to operate Accommodation
	Fine Arts Department	▶ License to establish the Fine Arts related business
	Heritage Department	▶ Permit to Export Artifact Replica ▶ License to Establish a museum
	Information, Culture and Tourism Department	▶ License for Operating Cultural Business (Translation Service) ▶ Cultural Business Operating License (signage production, advertising design and event organizer) ▶ License to operate information business ▶ Entertainment Business Operating License ▶ Cultural Business Operating License (Cultural product) ▶ Cultural Business Operating License (Record label, Talent agency) ▶ License to Establish a Publishing House License ▶ Cultural Business Operating License (signage production, advertising design and event organizer) ▶ Cultural Business Operating License (Musical Band)

Ministry	Department	License
		▶ Cultural Business Operating License (Recording Studio) ▶ Cultural Business Operating License (Printing House) ▶ License to operate ICT training service business
	Literature and Publishing Department	▶ Signage Business Operating License
	Publication Department	▶ License to Establish a Printed Design Shop ▶ License to Establish a Publishing House ▶ License to establish Publication Advertisements company ▶ License to establish a print shop ▶ Licenses to Establish a Language Translation Service Company
Ministry of Justice	Department of Justice System Promotion	▶ License to Operate a Law Firm
Ministry of Labor and Social Welfare	Skill Development and Employment Department	▶ License to Establish Recruitment Service Enterprise (suspended) ▶ License to Establish Skill Development Centre
Ministry of Natural Resources and Environment	Environment Department	▶ License to Provide Environmental Services
Ministry of Planning and Investment	Investment Promotion Department	▶ License for Investment in Concession Business
Ministry of Post and Telecommunication	Telecommunication Regulatory Authority	▶ License to Operate Internet Service Provider (ISP) Business ▶ License to Operate a Telecommunication Business
	Post Department	▶ License to Establish a Postal Service Business (Type I) ▶ License for Establishment the Postal Business (Type II) ▶ License for Establishment Postal Business (Type III) ▶ License to Establish a Postal Service Business (Type IV)

Ministry	Department	License
Ministry of Public Work and Transport	Civil Aviation Department	▶ License to Operate Air Transport Business ▶ Certificate of Airworthiness ▶ Certificate for Aircraft Personnel and Technical Staff ▶ License to Operate Domestic Airport ▶ Licenses for Operating a Light Vehicle Rental Business ▶ License to Operate Air Ticket Sale and Reservation Agents
	Department of Transport	▶ License to operate transport of passengers with the specific route between provinces ▶ Business Operating License for Passenger Transport service provider on cross-border ▶ Business Operating License to provide Bus Station Service between Provincial and Cross-border ▶ Technical License for Importing auto parts for car assembly in Lao PDR for domestic sales ▶ Vehicle Use Permit (for Transportation) ▶ Licenses for Domestic Land Freight Transportation ▶ Licenses for Domestic and International Land Freight Transportation
	Department Of planning And Finance	▶ Licenses for Producing and Selling Water Supply ▶ Business Operating License for Housing Construction ▶ License for Construction and Building Repair ▶ License for Tunnel Construction and Repair ▶ License for a Construction Equipment and Material Installation Business ▶ License for Water Supply System Construction and Installation ▶ Business Operating License for Road-Bridge Construction ▶ License for Railway Infrastructure Construction and Repair ▶ License for Car After-Sales Service and Repair Business

Ministry	Department	License
		▶ License for Heavy Machinery Installation and Repair ▶ License to Operate Freight Forwarder Business ▶ Licenses to Operate a Cargo Terminal Business ▶ Licenses for Operating a Light Vehicle Rental Business ▶ License for Waterborne Goods Transportation ▶ License for Operating a Taxi Service Business ▶ License for a Logistics Consulting Business ▶ License for Water Transportation Services ▶ Licenses for Storage and Warehousing Facilities ▶ Licenses for Rail Freight Transportation Services ▶ License for Housing, Road, and Bridge Construction (Survey-Design) ▶ License for Survey-Designing Water Production Systems in Buildings ▶ License for Engineering Consulting Services ▶ License for Mechanical and Truck Rental Services ▶ License for Railway Ticket Sales Service Operations ▶ License for Container Rental Business ▶ License for Industrial Plant and Building Cleaning Services
	Public Work and Transport Department	▶ License to operate a waterway-related construction business ▶ Water Survey, Design and consulting License ▶ Business Operating License for Bridge-Road Survey, Design and Consultancy ▶ License to Operate Passenger Transportation ▶ License to Operate International or Transit Goods Transportation Business ▶ License to Operate a Logistic Business ▶ License to Establish the Vehicle Technical Inspection Centre ▶ License to Operate a Driving School

Ministry	Department	License
		License to Establish Vehicle and Machine Reparation Business License to Operate a Road and Traffic-related Business
Ministry of Technology and Communications	Department of Digital Technology	License to Operate an Internet Data Centre and Cloud Service License to Operate an ICT distribution service business License to provide ICT Installation and Reparation Service ICT Security Service Business Operating License License to Operate an ICT Consulting Service Business License to Operate ICT Equipment Business

Annex 2. Justification for the selection of licensing mechanisms reviewed in the study.

Ministries	Licensing mechanism	Justification
Ministry of Agriculture and Forestry (MAF)	▶ License to Operate Agricultural and Forestry Business ▶ License to Distribute Agriculture Tools, Fertilizers, Pesticides, Seeds Retail License ▶ License to Establish an Animal Farm ▶ Licenses to Operate an Animal Pharmacy and Equipment Store ▶ License to Operate Animal Clinics	MAF plays a leading role in regulating sectors that employ a large share of the workforce in Lao PDR, wherein informal employment is widespread. By integrating social security compliance into these licensing processes, MAF can play a pivotal role in expanding the coverage of the social protection system.
Ministry of Health (MoH)	▶ Licensing Pharmacist to Establish a Medical Equipment Factory ▶ Licensing Pharmacist to Establish a Drug and Medical Product Import-Export Company ▶ License to Operate Business for the Production of Hazardous Chemicals for Household Use ▶ License to Operate a Private Hospital ▶ License to Operate the Private Medical Clinic	MoH regulates various licenses for health-related activities. This sector employs a large workforce, many of which are informal. In turn, the nature of the work performed in many such businesses involve significant occupational safety hazards. Integrating social security compliance into MoH's licensing processes offers a key opportunity to expand coverage for workers in the health sector.
Ministry of Industry and Commerce (MoIC)	▶ License to Operate Internal Trade Business or Business Operating Licenses ▶ License to Operate Fuel (Gas) Station ▶ Business Operating License for Market ▶ License to Operate Domestic Fuel Distribution Business ▶ License to Operate Fuel Depot Rental Business	Enterprise Registration Certificates are issued by the MoIC, for which all prospective businesses must apply. This represents an important opportunity to enhance compliance. In turn, the sectors regulated by MoIC employ a substantial workforce, often characterized by informal labour arrangements. Many businesses themselves also operate informally, particularly internal trade. Further, businesses engaged in the import and sale of gas present core occupational hazards.

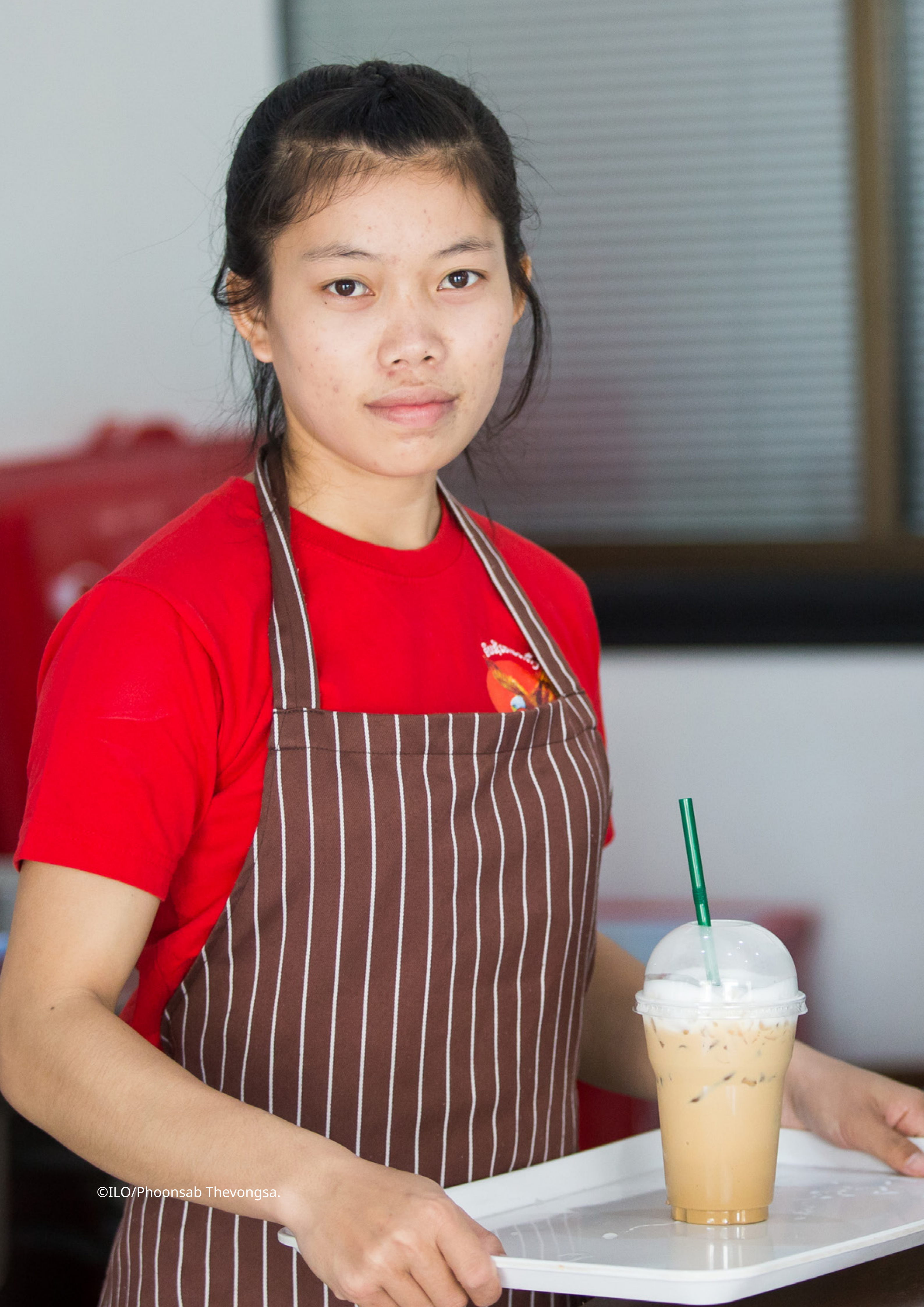
Ministries	Licensing mechanism	Justification
Ministry of Public Security (MPS)	License for businesses that provide security or safety services	MPS regulates a sector employing a significant workforce who often face significant occupational hazards. In turn, many small and medium-sized security firms operate informally, employing workers without formal contracts. Enforcement of social security compliance is also identified as relatively weak in the sector.
Ministry of Planning and Investment (MPI)	Licensing for foreign investments and large-scale investments (including SEZs)	MPI oversees and regulates foreign and large-scale investments, including those within SEZs. A considerable number of enterprises and workers operate and work in these areas. Companies operating within SEZs are often isolated from standard government oversight mechanisms, making it difficult for LSSO to monitor or enforce social security compliance
Ministry of Information, Culture, and Tourism (MICT)	▶ License for media-related businesses like publishing, radio, and television. ▶ License for businesses in the tourism sector. ▶ License for businesses in the entertainment industry	MICT regulates several key sectors which employ large numbers of workers, many of whom are informal or part-time workers who lack adequate social protection.
Ministry of Education and Sport (MoES)	▶ License for the Establishment of International School, Primary School, Secondary School, and High School. ▶ License to Establish the Pre-School Education Institution ▶ License to Establish a Centre/School/ College for Vocational Education	The education sector is a significant employer with a diverse workforce including teaching staff, administrative personnel, and support workers. Many of these roles, particularly in smaller or private institutions, are part time, lack formal employment arrangements, leaving employees without adequate social security coverage. In turn, many smaller vocational institutions operate informally.

Ministries	Licensing mechanism	Justification
Ministry of Public Works and Transport (MPWT)	▶ License to Operate a Road and Traffic-related Business. ▶ Business Operating License to provide Bus Station Service between Provincial and Cross-border. ▶ Business Operating License for Road-Bridge Construction ▶ Licenses for Domestic and International Land Freight Transportation ▶ Licenses for Rail Freight Transportation Services ▶ License for Railway Infrastructure Construction and Repair ▶ Business Operating License for Housing Construction	The sectors overseen by MPWT include transportation, construction, and infrastructure development, which are labour-intensive and often involve high-risk work environments.

Annex 3. List of key informants

No	Name and surname	Position	Organization
1	Dr. Souphavanh Keovilay	Deputy Director General	Department of Livestock and Fishery, MAF
2	Dr. Khamphout Vongxay	Head of Division	Department of Livestock and Fishery, MAF
3	Mr. Khamsone Sisavath	Head of Division	Department of Livestock and Fishery, MAF
4	Dr. Bounxou Keohavong	Director General	FDD, MOH
5	Mr. Souksomkhouane Chanthamat	Deputy Director General	FDD, MOH
6	Mrs. Soulyvanh Keokinnaly	Head of Division	FDD, MOH
7	Mrs. Phetsavanh Vilayhom	Technical staff	FDD, MOH
8	Mr. Sisaketh Khountham	Technical staff	FDD, MOH
9	Dr. Viengsakone	Deputy Director General	Healthcare Dept. MOH
10	Dr. Sommana Rattana	Deputy Director General	Healthcare Dept. MOH
11	Mr. Bounchan Lorvanhxay	Deputy Director General	Dept. of Domestic Trade, MoIC
12	Mr. Anousek Ounsavath	Head of Division	Dept. of Domestic Trade, MoIC
13	Dr. Soukthavone Vongxay	Head of Division	Dept. of Domestic Trade, MoIC
14	Mr, Vichith Vongchanh	Deputy Head of Division	Dept. of Domestic Trade, MoIC
15	Ms. Phaysy Xayphanya	Deputy Head of Division	Dept. of Domestic Trade, MoIC
16	Ms. Somphith Kingsekda	Head of Division	Dept. of Investment Promotion, MPI
17	Ms. Manysone Vongdara	Deputy Head of Division	Dept. of Investment Promotion, MPI
18	Mr. Phetmany Bounkham	Head of Division	Dept. of Investment Promotion, MPI
19	Mr. Aphisid Sengsoulivong	Director General	Enterprise Registration Dept. MoIC
20	Mr. Phakpaseuth Lopangkao	Deputy Head of Division	Enterprise Registration Dept. MoIC
21	Mr. Sonevilay Phetsakhone	Technical staff	Enterprise Registration Dept. MoIC
22	Ms. Syphaphone Manivanh	Director General	Dept. of Higher Education. MoES
23	Dr. Santhiphab Mouanmany	Head of Division	TVET Dept. MoES

No	Name and surname	Position	Organization
24	Mr. Yethanai Labthipha	Deputy Head of Division	TVET Dept. MoES
25	Ms. Sengphet Inthaseng	Head of Division	General Education Dept. MoES
26	Dr. Somvang Sybouakham	Deputy Director General	Ministry of Public Security
27	Mr. Saphan Chanthalath	Head of Division	Ministry of Public Security
28	Ms. Davone Vongphachanh	Head of Division	Ministry of Public Security
29	Ms. Champhone Vongsa	Deputy Director General	MCIT
30	Mr. Em Sanmano	Deputy Head of Division	MCIT
31	Mr. Souksamai Viengnakhone	Deputy Head of Division	MCIT
32	Ms. Boualaphan Phanyanouvong	Head of Division	MCIT
33	Ms. Manivanh Chanthavong	Head of Division	MCIT
34	Ms. Douangphy Kingkhamnang	Head od Division	MCIT
35	Mr. Chitnaphone Santhiphone	Head of Division	MCIT
36	Dr. Bounta Onnavong	Director General	Dept. of Transportation. MPWT
37	Ms. Sivanh	Deputy Head of Division	Dept. of Transportation. MPWT
38	Mr. Chenniphone Xaiyalath	Deputy Director General	Dept. of Housing and Urban Planning Division. MPWT



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