

- a. **To upgrade the existing draft Law on Distant Registration to a Law on Integrated Business Registration**, to streamline the business registration process for LLCs and simple LLCs with all involved agencies, and possibly JSCs from the point of submission of the application, to address discretionary powers preventing an effective online application process, and to introduce a single point of contact; **or**
- b. **In parallel to the adoption of the “Distance Registration” Law (suboptimal solution) issue a Government Decree on Integrated Business Registration** to allow implementation of the Law and integration of technology platforms of all participating agencies (e.g., Statistics, Tax, Pension and Health Fund). In this option, at a minimum, the current draft “Distance Registration” Law should be revised to introduce provisions that will curb the current discretionary powers and enable an automated and rule-based business registration process.

In order to enable the roll-out of the Phase I reforms from the beginning of 2018, the initial legislation should be adopted by the end of the 2017.

- (iv) **The implementation of Phase 2** coincides with the planned project of “Establishment of the Shared Service Centre”, Project No. 3 according to the e-Government Action Plan, owned by the Ministry of Public Administration, and Project No. 101 “eCourtRegister (phase 2)”, owned by the Ministry of Justice. This e-Government initiative is also referenced in the Project No. 1 managed by the MoEEC, to introduce interoperability of **business registers and single application form, with the capability of attaching documents and paying fees electronically, and the implementation of the once-only principle**. Phase 2 will integrate the registries of business entities at the Commercial Court with registries of associations and foreign associations maintained by the Ministry of Public Administration. This phase would also have to involve a certain consolidation of registries (for instance, digitization of the archive records, integration with the address registry) and improvement of the Meta-Register. The interoperability platform would enable a single interface to all business registry data, and enable orchestration of business registration processes. **The Phase 2 can be implemented as part of the piloting of the Project No. 3 and Project No. 101, with no additional funds needed**, except those already calculated in the e-Government Action plan and funds needed for the digitization of the archive records. According to the ICT Assessment, Project No. 3 and Project No. 101 are about to start, **and it is feasible to expect that the Phase 2, as a pilot of this broader initiative, be operational in September, no later than the end of the next year (2018)**.
- (v) **The third phase that would integrate the remaining registries** (e.g. craft registry, agricultural establishments - OPG), in this way establishing a **single integrated registry of all business types using the state interoperability platform**. Unlike Phases 1 and 2, the implementation of the Phase 3, **in case of certain institutional changes and changes in nature of the business registration process, may require additional funds** (see Diagnostic Analysis report).

The following figure depicts the suggested business registration reform roadmap.

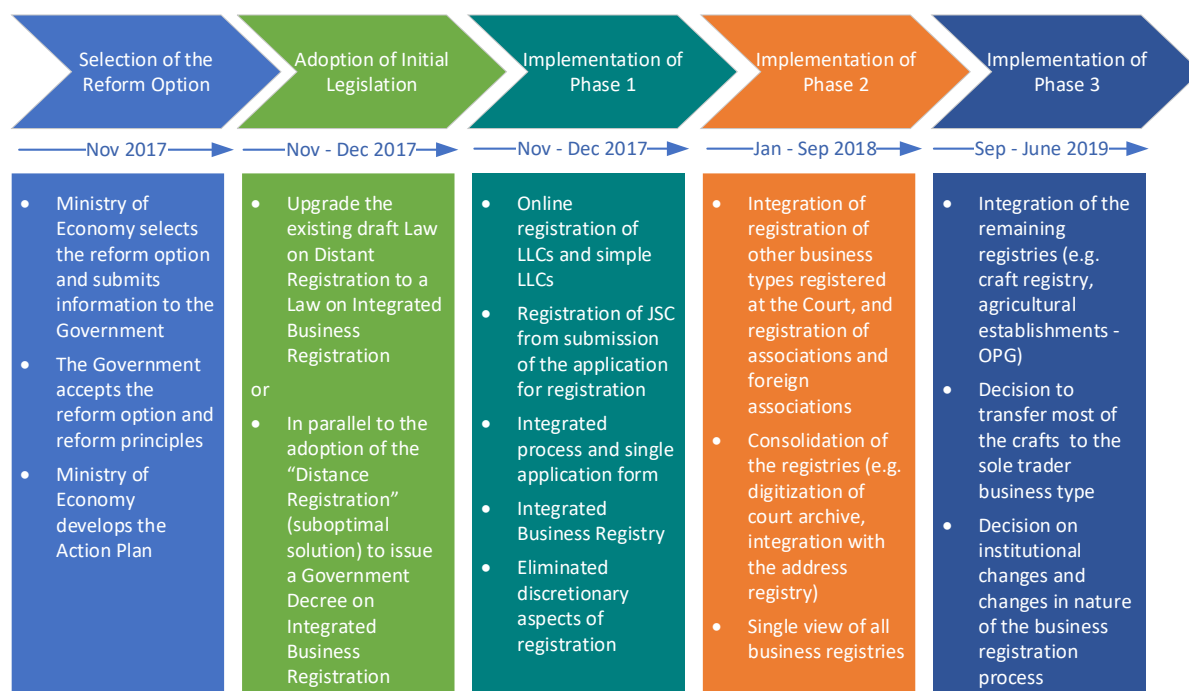


Figure 1. Business Registration Reform – Implementation Roadmap

Draft Law on Distance Registration

The draft Law on Distance Registration, currently being discussed within the Government, does not currently ensure even a basic integration as envisaged in Phase 1 of the roadmap. It only provides for an online registration in the Court, and as such should be reconsidered. The version of the Law analyzed by the World Bank team) does not integrate the registration process to include Statistics, Tax, Pension and Health Funds, nor does it address the discretionary powers which would inhibit an effective online experience for applicants. The momentum for improving the business registration process in the country can be channeled more effectively and much more can be gained from a more integrated solution.

The table below summarizes comparison of the current initiative with the draft Law on Distance Registration with a basic integration that was suggested as Phase 1 of the business registration reform in Croatia.

Table 1. Comparison of the current initiative with the Law on Distant Registration with the Phase 1 suggested for the Business Registration Reform

	Current Initiative with the Law on Distant Registration	Recommended Phase 1 for the Registration Reform
Business Registration Principles	It does not define business registration principles.	Introduces business registration principles and proposes a Law on Integrated Business Registration Process.
Business Registration Process	Defined as a court procedure, as a non-contentious jurisdiction process, in which Court decides on business registration with high level of discretionary powers.	Defined as in integrated registration process, with all involved agencies. Business rules are clear and the processes streamlined. Discretionary powers are eliminated.
Single Point of Contact	Introduces partial automation of registration processes in Court (just for LLC's and SLLC's and just for business entry, not changes) and possible simultaneous registration at	Introduces a single point of contact and a single application form for registration at the Court and all other agencies. Information will be provided by business owners according to