United Nations Commission on International Trade Law (UNCITRAL)

UNCITRAL work on MSMEs

WTO, 24 September 2021

Monica CANAFOGLIA
UNCITRAL Secretariat
Why supporting MSMEs?

Most businesses in the world are MSMEs.

But MSMEs face several challenges.

Enable MSMEs to benefit from an evolving international economic environment.

- State’s prosperity
- GDP
- Employment rate

MSME
UNCITRAL texts for MSMEs’ life cycle

- Starting a business
- Insolvency
- Resolving disputes
- Contract Performance
- Access to markets
- Access to credit
- Registering a business
- LG on LLEs
- LG on Business Registration
- Secured financing using movable assets ML and PG

- Provisions for int’l sale of goods
- LP on simplified insolvency regime
- On-line dispute resolution
- Arbitration & mediation standards

- E-commerce
- Public procurement
- Cross-border trade

UNCITRAL United Nations Commission on International Trade Law
Mandate of Working Group I

Mandate to Working Group I to work on reducing legal obstacles throughout the lifecycle of MSMEs starting with simplification of incorporation

The Working Group agrees to focus on simplification of incorporation and business registration

Deliberations on business registration and simplified incorporation (interim name UNLLO)

Break on work on UNLLO – Focus on the draft legislative guide on business registration

Active participation from member States, observer States, NGOs and IGOs
Mandate of Working Group I (ctd.)

- Draft legislative guide on business registration is finalized and submitted to the Commission
  - Mar 2018

- Commission adopts the UNCITRAL Legislative Guide on Key Principles of a Business Registry
  - June 2018

- Work on UNLLO is resumed
  - Oct 2018 – Jan 2021

- Commission adopts the UNCITRAL Legislative Guide on Limited Liability Enterprises
  - June 2018
Legislative Guide on Key Principles of a Business Registry

**Easy access to information**
- Publicly accessible - easily searchable and retrievable
- Cross-border access

**Simplified registration process**
- Fully electronic operation
- One-stop shop for all public authorities
- Time-and cost-efficient process

**Key Features**
- A guide suited to the needs of MSMEs

**Guidance**
- Guidance on pre-and post-registration procedures
- Liability and sanction provisions
- Preservation of records

**Improved registry system**
- Registry system and information of good quality
- Periodically updated
- Use of unique identifiers

**UNCITRAL**
United Nations Commission on International Trade Law
Legislative Guide on Limited Liability Enterprises

“Think small first”

Purpose

Create flexible business form that can be tailored to the needs of micro and small businesses

Provide an economically inclusive legal form supported by a stand-alone legislation

Move away from traditional, hierarchical and formal governance models

Benefits for: start-ups, MSMEs outside the formal economy, MSMEs looking to enter the formal economy
Outline of the Legislative Guide

General Provisions

- Any lawful commercial/business activity
- Legal personality of the LLE
- Limited liability for LLE members
- Formation upon registration (and minimum information required)
- No minimum capital at formation
- Members’ equal rights
- Freedom of contract
Outline of the Legislative Guide *(ctd.)*

**General Provisions**
- Legal personality of the UNLLO
- Limited liability for UNLLO members
- Formation upon registration (and minimum information required)
- No minimal capital required at formation
- Members’ equal rights
- Freedom of contract

**Mandatory Provisions**
- Standards to ensure transparency and protect third parties
- For instance: managers’ duty of care & loyalty, prohibition of improper distributions…

**Default Provisions**
- Protection against circumstances or events that may not be foreseeable
- Fill gaps in the organization rules
- Provisions on: management, transfer…
Outline of the Legislative Guide (ctd.)

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The Commission agreed to ...[request] the Secretariat to start preparing draft materials on access to credit for micro, small and medium-sized enterprises, drawing, as appropriate, on the relevant recommendations and guidance contained in the UNCITRAL Model Law on Secured Transactions... [A/74/17, para. 192 (a)]

- **Introduction:**
  - Sets the context of MSMEs A2C and presents the challenges by stage of development.

- **Core part:**
  - Discusses key legislative and policy/operational measures to facilitate A2C (e.g. secured lending, personal guarantees, credit guarantee schemes...)

- **Final part:**
  - Emphasizes the importance of building the capacity of MSMEs and financers to improve A2C.
Thank you!

uncitral.un.org
uncitral@uncitral.org