



# BUSINESS FACILITATION

## SIMPLIFYING THE REGULATORY ENVIRONMENT TO IMPROVE NATIONAL BUSINESS, INVESTMENT AND TRADE CLIMATES



### GLOBAL CONTEXT

Facilitating business through simplified administrative procedures reduces informality and corruption, empowers small entrepreneurs, removes bureaucratic barriers to trade and investment, and increases government revenue, thereby fostering enterprise creation and operation. It also increases competitiveness and ultimately contributes to economic growth. UNCTAD estimates that administrative and procedural transaction costs, excluding customs-related costs, constitute between 3 and 6 per cent of the value of internationally traded goods. There are thus opportunities for reductions in transaction costs and for increased competitiveness.

The UNCTAD Business Facilitation Programme aims to seize such opportunities and offers a series of efficient tools of information and communications technology (ICT) and interactive methodologies to clarify and simplify procedures. Applied sequentially, they comprise an integrated programme for the modernization of public administration. The Programme provides an interface for interdivisional and inter-agency cooperation for increased coherence and impact at the country level.



### HOW DOES THE PROGRAMME HELP IMPROVE THE BUSINESS ENVIRONMENT?

The Business Facilitation Programme provides a methodology that allows for the simplification of procedures without changes to regulations. Focused on streamlining administrative practices, the main aspect experienced by users, the Programme is aimed at producing quick and measurable results and includes three sequential components: eRegulations, eSimplifications and eRegistrations. The tools are developed at the request of beneficiary Governments.

The eRegulations system is an affordable, turnkey solution for Governments to clarify and publicize administrative procedures on the Internet. It shows administrative procedures step by step from the user's point of view. For each step, it provides the following data: contact information (entity, office and person in charge), expected result of the step, required documents, cost, duration, legal justification and how to lodge a complaint. Any type of administrative procedure can be clarified through an eRegulations portal, such as company creation, tax payment, import and export.

Once clarified, procedures are easier to simplify, by comparing the practice to the law and limiting the number of interactions and documents to what is necessary and sufficient. The 10 principles to simplify administrative procedures – eSimplifications – generally allow Governments to decrease the number of steps and requirements by more than 50 per cent, without changing laws.

Simplified procedures are computerized using the UNCTAD eRegistrations system, a web-based application conceived to create electronic single windows, which allow for simultaneous registration with multiple public agencies.



### RESULTS AND IMPACTS AT A GLANCE

With rapid and measurable results, the Business Facilitation Programme concretely supports the move from an informal to a more formal economy with increased transparency. It also empowers small entrepreneurs through the removal of unnecessary bureaucratic barriers to trade and investment.

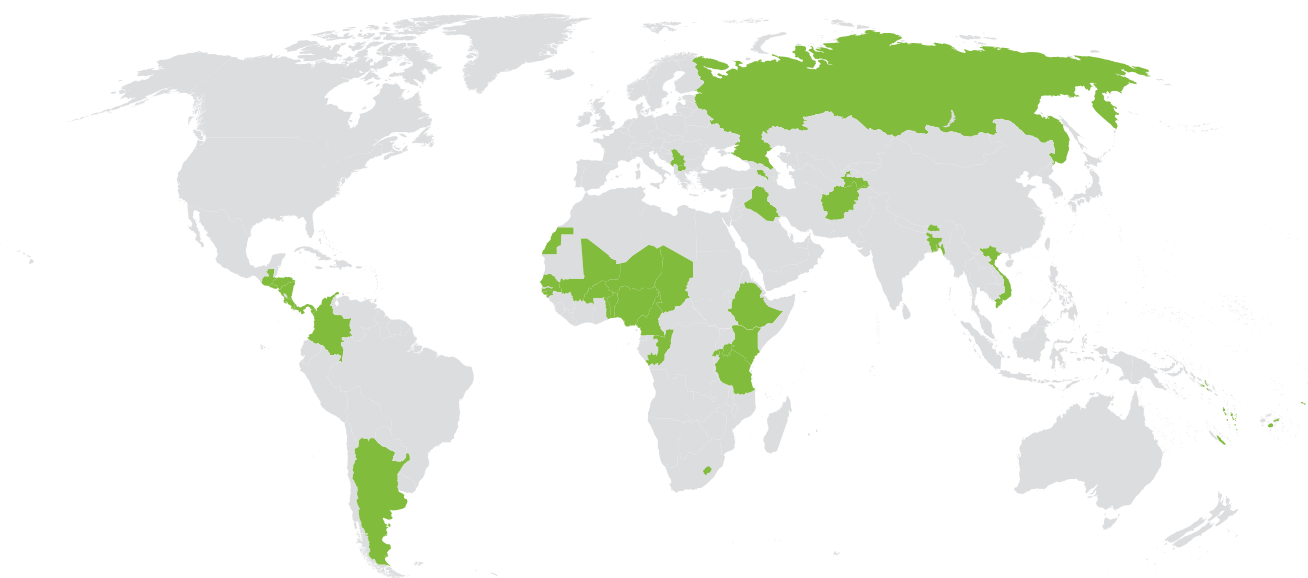
The Programme supports Governments' efforts towards institutional efficiency, including the increased collection of tax revenue, to be later reinjected into the economy in support of innovative sectors with a focus on the employment of women and youth.

The Programme has been implemented in over 40 countries. More than 70 user-centred open-source electronic government systems have been developed to clarify, simplify and automate administrative procedures, thereby facilitating business operations and alleviating regulatory burdens. A few recent examples:

- Iraq simplified the procedure for creating a company by over 60 per cent through the implementation of the eRegulations system. Previously, the procedure involved 35 physical steps and 47 documents.



## Business facilitation systems implemented by 2019



After clarifying the procedure through the eRegulations system, the agencies involved merged steps and removed unnecessary documents to bring the numbers down to 14 steps and 21 documents. They also set a new goal to implement the eRegistrations system and automate the company registration process by mid-2020.

- Lesotho moved 35 positions up on starting a business indicator in the World Bank 2020 Doing Business report after automating the procedure for obtaining a trade license with the eRegistrations system.
- Cameroon formalized over 24,000 businesses in two years through the eRegistrations system. The system has been installed in three regions, namely Douala, Garoua and Yaoundé, and has led to a reduction of more than 70 per cent in the number of steps and requirements and in processing time.
- El Salvador fully automated the process to register companies and individual traders. Eight institutions now offer their services online through the eRegistrations system, and businesses can obtain their mandatory registrations in less than three days. In 2018, the *miempresa.gov.sv* portal was established as the unique channel to register a business in El Salvador, which resulted in an increase of 822 per cent in businesses registered online. Also, 1,052 new taxpayers registered for the value added tax. Based on an average monthly payment of \$100 in value added tax, these new taxpayers will contribute yearly an additional \$1.2 million to the state budget.
- Armenia, Iraq, Lesotho and Montenegro joined the Global Enterprise Registration portal, *GER.co*, with the highest rating, 10 points out of 10. *GER.co* is a joint initiative by UNCTAD, the Kauffman Foundation Global Entrepreneurship Network and the United States of America Department of State. The portal gives direct access to official business registration websites worldwide and assesses their user-friendliness.



### PROGRAMME FACTS AND FIGURES

Start date: 2005

Countries assisted per year: 6 (average)

Coverage: 64 eRegulations/trade portals, 5 eRegistrations in more than 40 countries

Website: [unctad.org/Business-Facilitation](http://unctad.org/Business-Facilitation)



Sustainable Development Goals addressed:

Directly: 8, 16

Indirectly: 1, 17



### DONORS/FUNDING SOURCE (2014–2019)

Self-financing by some user countries, Australia, Germany, Netherlands, New Zealand, Switzerland, United States, European Union, [United Republic of] Tanzania Investment Centre, Trade Mark East Africa, One United Nations funds, United Nations Office for Project Services