

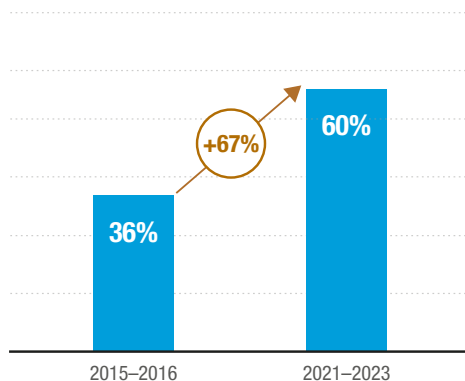


Chapter IV

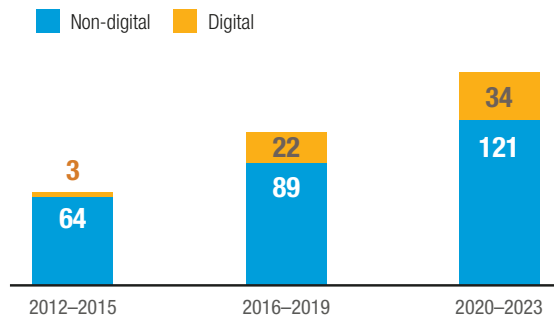
Investment facilitation and digital government



➤ More investment agreements encourage digitalization



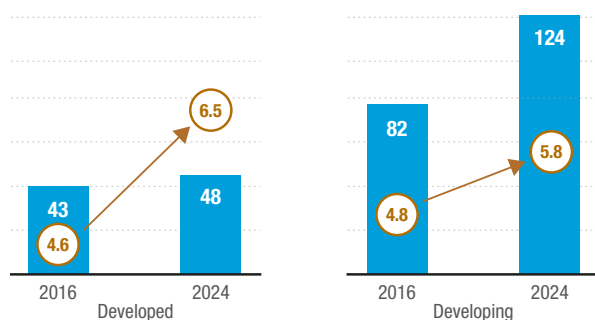
➤ Investment facilitation policy measures are increasingly digital



➤ Investment facilitation portals are growing in number and quality

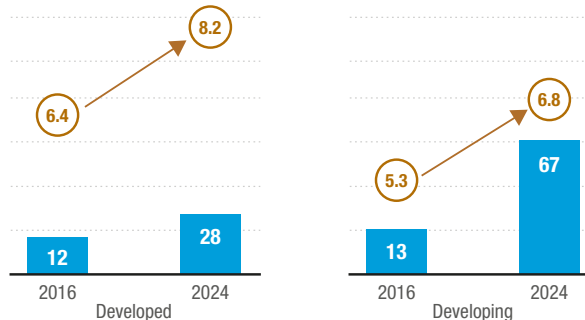
Information portals

■ Number ○ Quality (1-10)



Single windows

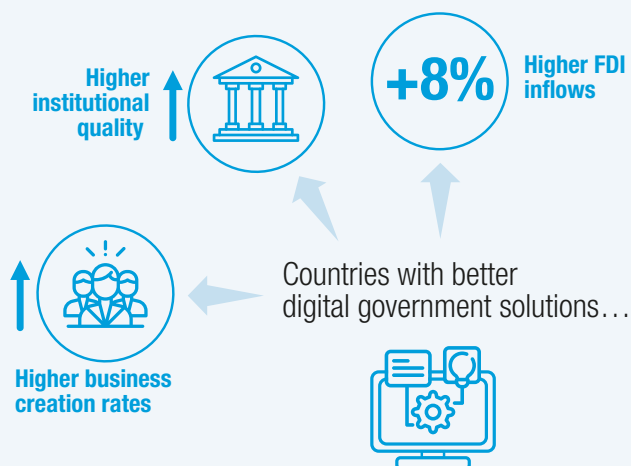
■ Number ○ Quality (1-10)



➤ Top three business services provided online



➤ Digitalization has broad benefits



A. Introduction

Business and investment facilitation have become central to efforts to develop the private sector and attract foreign direct investment (FDI) in developing countries. Facilitation aims to make it easier for domestic firms and international investors to establish and operate their businesses. Core elements include providing information, making rules and regulations transparent, and streamlining administrative procedures. Because these elements are based on both information and procedures, digitalization is central to their effective implementation. They have thus led to a wave of digital government initiatives, including information portals and online single windows.

Investment facilitation encompasses policies, measures and practices aimed at minimizing or eliminating obstacles faced by investors in a country (UNCTAD, 2016). Key elements include enhancing transparency and access to information for investors, streamlining administrative procedures, ensuring the predictability of the policy environment and promoting the accountability and efficiency of government officials. Facilitation can also include initiatives focused on preventing or resolving investment disputes. Distinct from investment promotion, which is focused on marketing a location as an investment destination, investment facilitation involves a government-wide approach, engaging multiple agencies and levels.

Business and investment facilitation are closely intertwined. Business facilitation aims to create a favourable environment for all firms – large and small, foreign and domestic – to start, operate and grow their operations. Investment facilitation adds mechanisms and initiatives aimed at easing processes specific to foreign investors, such as foreign investment approvals or the admission of foreign personnel. Facilitation efforts can extend into other policy areas. Trade facilitation,

for example, complements business and investment facilitation by reducing complexities in cross-border commerce.

Business and investment facilitation can play a pivotal role not just in attracting investment but also in supporting attainment of the Sustainable Development Goals. By creating a more transparent and accessible business environment, they can encourage small firms to move from the informal to the formal sector, a vital step in enhancing domestic revenue mobilization. By removing barriers to investment and providing equal opportunities for all, business and investment facilitation can also play a role in promoting more inclusive economic growth, enhancing the access of women, young people and rural populations to economic activity.

The UNCTAD Division on Investment and Enterprise has been instrumental in supporting progress on investment facilitation. Since 1999, its Investment Policy Reviews have provided comprehensive advice to nearly 60 countries and regions on a wide array of investment facilitation policies. The Division offers advisory services on investment facilitation to investment promotion agencies (IPAs) and special economic zones (SEZs). Its digital



government platforms, including information portals and single windows for business, investment and trade facilitation, have been deployed in more than 60 countries. UNCTAD guides on digital investment provide investors with essential information to evaluate investment opportunities in specific countries and regions (box IV.1).

UNCTAD has been a catalyst for international debate on investment facilitation. In 2016, the Global Action Menu on Investment Facilitation outlined the main elements of investment facilitation (box IV.2). Since its publication, an international agreement on investment facilitation for development has been

negotiated, facilitation has become a mainstay in regional and bilateral trade and investment agreements, and national implementation efforts have proliferated. By 2023, more than a quarter of investment policy measures worldwide centred on facilitation mechanisms (chapter II). Together with the Action Menu, UNCTAD launched the Global Enterprise Registration (GER) index, an objective rating of countries' provision of digital information and services for businesses and investors. It was used as a baseline for the state of play on these instruments during the early stages of discussions on the IFD agreement, which was finalized by



Box IV.1

UNCTAD: Tools and technical assistance for digital business and investment facilitation

UNCTAD offers a series of tools and participatory methodologies for documenting and simplifying procedures and for implementing online platforms. Applied sequentially, they form an integrated programme for the modernization of public administration.

Document and publish procedures: the eRegulations information portal

The eRegulations system offers an affordable, turnkey solution for governments aiming to simplify administrative procedures and to make them transparent. Designed from the user's perspective, it breaks down each procedure step by step, providing essential information for each. This includes contact details (entity, office, responsible person), expected outcomes, required documents, costs, duration, legal justifications and options for lodging complaints. Importantly, creating and maintaining the eRegulations portal requires no programming skills, making it accessible for government staff who lack technical backgrounds. The system's versatility allows its use for any administrative process, including company registration, tax payments, licensing activities, construction permits and import–export operations. Currently, eRegulations portals are operational in more than 50 countries.

Simplify procedures: 10 principles to simplify administrative procedures

Once administrative procedures are clearly defined, they become easier to simplify. This can be achieved by comparing existing practices with legal requirements and reducing interactions and document demands to only what is necessary and sufficient. The “10 principles to simplify administrative procedures” from UNCTAD guide Governments in reducing procedural steps and requirements, often by more than 50 per cent, without necessitating changes to existing laws.

Digitalize procedures: the eRegistrations system

eRegistrations is a no-code development platform that allows the creation of online services without programming skills. It can be easily adapted and configured to any administrative process and may apply to procedures such as company registration, construction permits, export licences or transfers of property titles. eRegistrations is suited both to operations involving only one administration (such as the business registry) and to simultaneous operations at multiple administrations (such as registering a company at the tax office, with the municipal council, with social security, at the labour department and at the business registry). It can thus operate as an online single window. It can be installed at any level of government.

Monitoring progress: regional digital investment facilitation monitors

UNCTAD has developed online tools to support the monitoring of progress on digital business and investment facilitation within the context of regional economic integration organizations. The tools are based on the GER.co methodology, which assesses the coverage, quality and user-friendliness of information portals and online single windows for establishing a business. Examples include the digital investment facilitation monitor of the Association of Southeast Asian Nations (ASEAN) (<https://asean.investmentfacilitation.org>) and, most recently, the Southern African Customs Union monitor (<https://sacu.investmentfacilitation.org>).

Source: UNCTAD. See also <https://digitalgovernment.world/> and <https://businessfacilitation.org>.





Box IV.2

The UNCTAD Global Action Menu for Investment Facilitation

UNCTAD published its Global Action Menu for Investment Facilitation in 2016. It was debated among investment stakeholders at the World Investment Forum 2016 and subsequently endorsed by the Trade and Development Board, the governing body of UNCTAD.

The Menu lists 10 action lines, each with a series of options for policymakers:

1. Promote accessibility and transparency in investment policies, and regulations and procedures relevant to investors.
2. Enhance predictability and consistency in the application of investment policies.
3. Improve the efficiency of investment administrative procedures.
4. Build constructive stakeholder relationships in investment policy practice.
5. Designate a lead agency, focal point or investment facilitator.
6. Establish monitoring and review mechanisms for investment facilitation.
7. Enhance international cooperation on investment facilitation.
8. Strengthen investment facilitation efforts in developing-country partners.
9. Enhance proactive investment project development in developing-country partners through capacity-building.
10. Complement investment facilitation by enhancing international cooperation for investment promotion for development through provisions in international investment agreements.

Source: UNCTAD (2016).

some 120 members of the World Trade Organization (WTO) in February 2024.

At the regional level, UNCTAD assisted the members of ASEAN in reviewing the implementation of the ASEAN Investment Facilitation Framework (AIFF) in 2022 (box IV.3). It was also part of the task force assisting African countries during the negotiations of the Protocol on Investment to the African Continental Free Trade Area (AfCFTA), which includes a chapter on investment facilitation.

At the bilateral level, UNCTAD has been advocating for the introduction of proactive investment promotion and facilitation provisions for sustainable investment in international investment agreements (IIAs), based on the Investment Policy Framework for Sustainable Development (UNCTAD, 2015). UNCTAD recently developed a set of policy options to enable governments to transform their IIAs into tools to channel investment towards sustainable development (UNCTAD, 2023a). It is working with the Group of 20 Trade and Investment Working Group under the Brazilian Presidency

on mapping investment facilitation and sustainable development provisions in the IIAs of members of the Group.

Notwithstanding the diverse positions in debates on investment facilitation at the international level, the need for robust investment facilitation practices at the national level is universally acknowledged. Policymakers have firmly shifted their focus to the most effective implementation strategies and tools. Because investment facilitation is about enhancing transparency and providing information to investors and about making administrative procedures for businesses easier to complete, digitalization is at the heart of most facilitation initiatives.

The use of digital government tools for investment facilitation has several important benefits. Because of the economies of scale and scope in the establishment of digital platforms, they tend to improve not only foreign investment procedures but also general business establishment procedures (e.g. business registration tax, social security and operating licences), thereby reducing administrative hurdles not only for foreign investors but also for domestic





Box IV.3

ASEAN: regional cooperation on digital investment facilitation

In 2021, the ASEAN countries adopted the ASEAN Investment Facilitation Framework (AIFF), a significant step in regional investment cooperation. This framework aims to enhance investment attraction across member States by increasing transparency, streamlining administrative procedures, promoting policy alignment and building the capacity of investment-related agencies.

The ASEAN region has long been proactive in adopting strategies and policy measures to support investment. These efforts have intensified in recent years, accelerating during the pandemic, with an increase from 6 new investment facilitation measures in 2019 to 28 in 2020. These included the introduction of online facilities, e-application systems and streamlined administrative processes, reflecting a strong regional commitment to digitalizing and simplifying investment procedures.

Notable initiatives include the Philippines and Malaysia implementing fast-track “green” lanes and simplified processes to ease investment. Member countries have also developed investment portals and digital platforms for e-payment and acceptance of electronic documents and certificates, further enhancing the investment landscape.

Overall, investment facilitation efforts in ASEAN are characterized by a dynamic policy environment and innovative approaches to attract and streamline investment, emphasizing digitalization and institutional strengthening. The AIFF acts as a strategic blueprint to guide efficient and integrated investment facilitation across the region, including through the creation of a digital investment facilitation monitor. Progress on AIFF implementation was assessed in the ASEAN Investment Report 2022 (produced with the support of UNCTAD).

Source: UNCTAD; ASEAN Secretariat and UNCTAD (2022). See also <https://asean.investmentfacilitation.org>.

firms, including micro, small and medium-sized enterprises (MSMEs). Moreover, the implementation of digital government can positively affect the business climate in ways that go beyond the immediate scope of business and investment facilitation and the reduction of red tape. It has the potential to tackle the root causes of low investment attractiveness in many developing countries by mitigating weaknesses in governance and institutions more broadly.

For that reason, the focus of this chapter is on investment facilitation and digital government. The aim is to take stock of progress in the implementation of digital business and investment facilitation worldwide; to look at the challenges, opportunities and policy priorities for its effective implementation; and to examine how it connects with wider digital government strategies to promote good governance and institutional robustness; to create a more transparent, efficient and investor-friendly environment; and

to accelerate economic development.

Section B provides an overview of progress in digital investment facilitation worldwide, with a focus on information portals and online single windows, including through an update on the UNCTAD GER survey on the spread and quality of digital services for business in all Member States of the United Nations. Section C examines the growing importance of investment facilitation and its digital component in national investment policies and IIAs. Section D evaluates the impact of digital business and investment facilitation on investment attraction, business creation, and institutional governance and transparency. Section E looks at lessons learned about the implementation of digital business and investment facilitation, identifying challenges and opportunities, and exploring wider implications for the development of digital government. Section F summarizes policy implications and recommendations spanning investment policy and digital government development.



B. Progress on digital investment facilitation worldwide

Administrative procedures for businesses and investors are often the first government services to be digitalized. Information portals and online single windows covering mandatory procedures for the establishment of a business have spread rapidly and are now available in most countries. Their quality and level of sophistication varies. Some portals in the least developed countries (LDCs) rival those in developed countries, showing that digital business and investment facilitation can provide leapfrogging opportunities. However, gaps remain, as evidenced by missing coverage, portal closures, problems in the maintenance of information and “single window dressing”.

It is challenging to assess the state of progress in the implementation of investment facilitation – in general, not just digital – around the world in a systematic manner. Early World Bank research and the World Bank Doing Business indicators were among the more comprehensive efforts before investment facilitation was clearly defined. Investment Policy Reviews by both UNCTAD and the Organisation for Economic Co-operation and Development include many elements of investment facilitation assessments. The lack of updated systematic information across countries was one of the reasons for the development of a self-assessment tool to support the implementation of the

IFD agreement.¹ The WTO Secretariat has developed a standardized self-assessment guide to help countries with such assessments (WTO, 2023).

The number of investment facilitation measures implemented worldwide is on the rise (chapter II), and with the use of digital technologies and platforms, these measures are evolving. This section mostly discusses progress in the development of information portals for businesses and investors, which are platforms that explain the administrative steps required to establish and operate a business, and online single windows, which are transactional portals that allow users to complete multiple procedures administered by multiple government agencies online.

1. The wider digital government context

While systematic research on the application of business and investment facilitation practices is scarce, information is available to assess the state of progress on digital services for business as part of broader

development of digital government. The United Nations Department of Economic and Social Affairs (UN DESA) conducts a biennial eGovernment Survey that provides an assessment of the digital government

¹ UNCTAD contributed to the development of the self-assessment tool, with inputs on sections dealing with transparency and streamlining of administrative procedures, as well as single windows and technical cooperation.



landscape across 193 Member States. The survey uses the eGovernment Development Index (EGDI) to rank countries, shedding light on online services and specific eGovernment components that benefit businesses. In its latest edition, the report examines these online services: business registration, business licence application, business tax filing and payment, land title registration application, environmental permit application, and access to and modification of a business's own data.

The 2022 survey findings unequivocally underscore the pivotal role of business facilitation as one of the foremost priorities in digital government (figure IV.1). Of the 20 administrative procedures that are most commonly available as online government services, half relate to business establishment and operation (others include services to citizens such as provision of birth certificates or residency documentation, and government administrative functions such as public sector vacancy announcements or public procurement). The two most common procedures – ranked first and second by some distance – are business registration and business licensing.

Business and investment facilitation are clearly important entry points for the development of digital government.

The survey highlights a global trend in the use of online services, especially related to the registration of new businesses. According to the survey, the number of countries offering this online service, either as an information portal or within a single window – a transactional portal where (part of) the service can be conducted online – has grown from 162 in 2020 to 176 in 2022. Similarly, there has been notable growth in other online services, such as applications for business licences (from 151 to 167) and options for payment of value added tax (from 130 to 141).

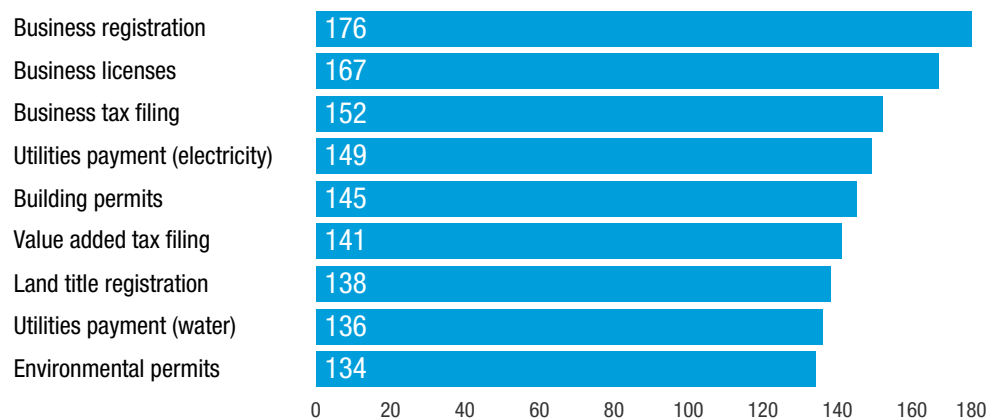
The EGDI survey primarily assesses the presence of some form of eGovernment service (more than its substance or comprehensiveness) and does not focus solely on business and investment facilitation services. EGDI ratings are highly correlated with levels of development. Europe and North America lead in eGovernment development, with an average EGDI value exceeding 0.80 out of 1, followed by Asia (0.65), Latin America (0.64), Oceania



Figure IV.1

Business services are usually the starting point for digital government

Digital government services available to businesses, 2022
(Number of countries with service)



Source: UNCTAD. Elaborated from the questionnaire of the 2022 Online Services Index (most recent survey year), a component of the United Nations Department of Economic and Social Affairs eGovernment Development Index.

Note: Includes information portals and online single windows.



(0.51) and Africa (0.41). Despite significant progress in Africa, the EGDI average for the continent remains low, highlighting the persistence of a digital divide.

The new Business Ready (B-READY) index of the World Bank Group, intended to replace its well-known Ease of Doing Business rankings, also places significant

weight on the provision of digital government services, including single windows and information portals. The UN DESA and World Bank initiatives reflect a global trend: countries are increasingly leveraging digital technologies to streamline information provision and administrative procedures to enhance their efforts to facilitate investment.

2. The spread and quality of business portals

UNCTAD survey data (based on the GER methodology; box IV.4) confirm many of the findings of the EGDI. In contrast to the EGDI, the GER survey focuses specifically on business and investment facilitation portals. It distinguishes between types (information portals and single windows), and it assesses their content and quality. These differences

explain several discrepancies between the two surveys. Nevertheless, the data show a clear trend in the development of digital tools to streamline business registration processes and other procedures (figure IV.2). The growth trajectory is evident, with the utilization of information portals for business and investment processes in



Box IV.4

The UNCTAD Global Enterprise Registration survey

To comprehensively evaluate the landscape of digital business and investment facilitation, UNCTAD introduced the Global Enterprise Registration (GER.co) online rating system and associated index in 2016. In its inaugural version, the platform was developed in collaboration with the Kauffman Foundation's Global Entrepreneurship Network and the United States Department of State.

GER.co assesses information portals, gauging their transparency regarding mandatory procedures for the establishment of a business. These typically include business registration, tax and social security enrolment and operating licence procurement, and – in the case of foreign investors – investment approval. GER.co also evaluates online single windows, measuring their effectiveness in enabling businesses and investors to complete mandatory procedures online.

The assessment uses a 10-point scale, calculated on the basis of objective criteria, thus ensuring a standardized and transparent evaluation process. The highest-rated information portals provide comprehensive information about each step of an administrative procedure, what documents are required, how much the procedure costs, how long the process takes, which laws apply and how to appeal a negative decision. The highest-rated online single windows enable firms to complete a single form, submit a unified set of documents and make a single payment covering multiple procedures administered by multiple agencies. In return, investors receive digitally verifiable certificates.

GER.co provides an interactive interface, allowing stakeholders in each country to submit revised ratings. This feature ensures that the platform remains current and reflects the evolving digital landscape in different countries.

For this *World Investment Report*, UNCTAD reviewed the GER ratings of United Nations Member States in 2016, 2021 and 2024. The information portals or single windows evaluated may have changed across the three assessments as older sites were replaced or new government agencies created. Given the overlapping mandates of government agencies in investment promotion and business registration, multiple sites may be available for evaluation in a single country. In each such case, for this analysis UNCTAD retained the information portal or single window with the best score. In countries with federal systems or where business registration is administered by a subnational entity, UNCTAD evaluated the situation in the main commercial city. Since GER.co focuses on business registration, evaluations were made separately of the extent to which the sites benefit foreign investors and registrations for special economic zones.

Source: UNCTAD. See also <https://www.genglobal.org/ger>.



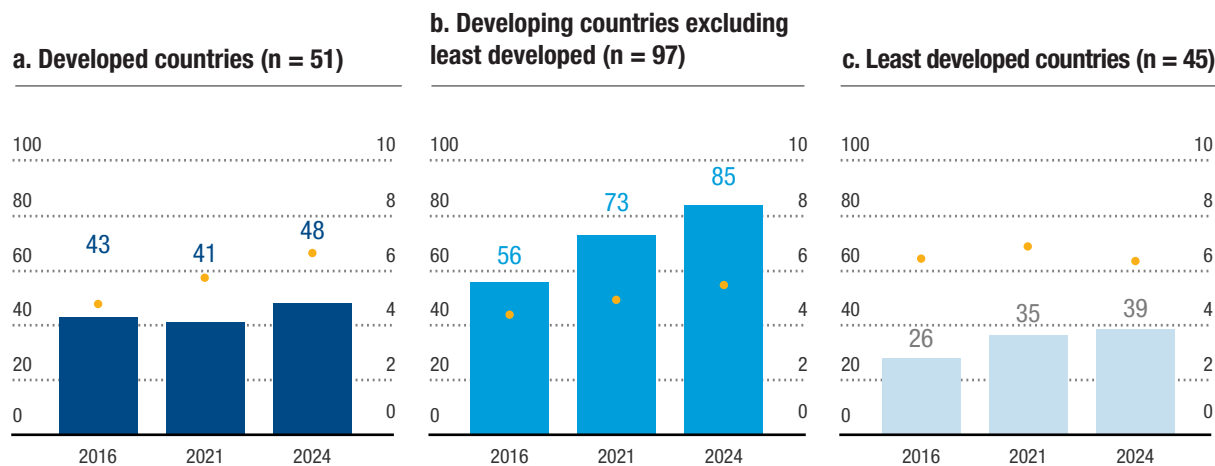


Figure IV.2

Information portals are now present in most countries and their quality is improving

Information portals for business registration

■ Number (left axes) ● Quality (right axes)



Source: UNCTAD, GER.co survey.

Notes: Includes only Member States of the United Nations. GER.co rates quality on the basis of 10 objective criteria (box IV.4). The last assessment for GER.co was undertaken between February and April 2024.

developing countries increasing from 82 economies in 2016, when the UNCTAD Global Action Menu for Investment Facilitation was launched, to 124 today. The number of developing economies with online single windows has risen from a modest 13 to 67 (figure IV.3).

The observed increase in the number of portals is the result of growing policy attention to investment facilitation since 2016 as well as a push following the COVID-19 pandemic, which accelerated the implementation of digital business facilitation measures in many countries. Several developing countries responded by streamlining business establishment procedures, adopting online application systems, reinforcing one-stop centres, expediting operating licence approvals and providing additional support to investors. Digital tools also became important for administering support services for small businesses.

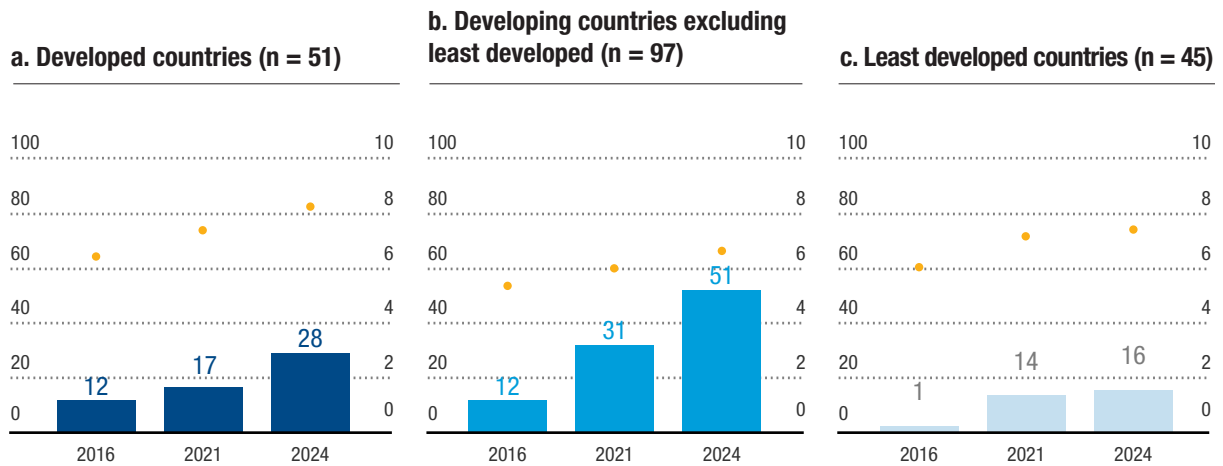
The quality of both information portals and single windows has also generally increased, in terms of their comprehensiveness and coverage of mandatory procedures, accessibility and user-friendliness. A slight decline in the average rating of information portals in LDCs can be explained by the addition to the sample of new countries with relatively basic portals. For developing countries as a group, the average rating has gone up significantly despite the increase in the number of portals.

Although information portals in developed countries improved over the observation period, their ratings still barely exceed those in developing countries. This may be because developed-country governments are generally considered to have greater regulatory transparency and more sophisticated public services, reducing their incentive to develop comprehensive online portals. There may also be a displacement effect: where comprehensive online single



Figure IV.3
There is still room for growth in online single windows
Online single windows for business registration

■ ■ ■ Number (left axes) • Quality (right axes)



Source: UNCTAD, GER.co survey.

Notes: Includes only Member States of the United Nations. GER.co rates quality on the basis of 10 objective criteria (box IV.4). The last assessment for GER.co was undertaken between February and April 2024.

windows are introduced but separate information portals remain operational, the value of such portals is reduced.

For online single windows, which can be more technologically complex and require greater integration and coordination between government agencies, the ratings for developed countries remain higher than those for developing countries. Yet ratings among developing countries vary significantly, with some clear outliers. Several developing countries, among them some LDCs, feature among the countries with the world's best information portals and single windows, illustrating that there is a leapfrogging opportunity. This effect is especially strong for online single windows, as countries with relatively few legacy systems may have an advantage in building online services.

Crucially, many of the developing countries that lead in the adoption of these digital tools have received technical assistance, including from UNCTAD. This underscores the importance of international cooperation

in facilitating the digital transformation of business and investment processes, ensuring that developing countries can harness the full potential of these tools to drive economic growth and attract investment. Appropriately, the IFD agreement includes provisions that promote international cooperation and technical assistance to developing countries (box IV.5). Such cooperation can also take place at regional levels, supporting regional integration efforts.

Whereas almost all LDCs now have information portals that detail mandatory business registration and investor procedures, only one third have introduced online single windows, as compared with more than half of the other developing countries. LDCs face considerable challenges in consolidating relevant administrative procedures into a unified platform. Key difficulties include costs, gaps in skills and know-how, greater divergence in the way regulations are translated into administrative procedures across agencies and subnational bodies, and frictions in



Box IV.5

Investment Facilitation for Development agreement: Digitalization aspects

The Investment Facilitation for Development (IFD) agreement encourages the use of digitalization expressly through commitments related to the creation of single information portals for transparency; the acceptance of electronic applications, documents and payments for streamlining; and the establishment of local supplier databases to facilitate investment. In addition to such digital government tools, digitalization can also ensure the effective implementation of other IFD commitments. These include avoiding multiple applications, establishing focal points for informational purposes and providing investors with the opportunity to comment on proposed measures.

Investment facilitation commitments can be resource intensive. Under the IFD agreement, developing and least developed countries may designate provisions for which implementation is conditional upon the receipt of technical assistance and capacity-building. Donor-country signatories commit to facilitate the provision of technical assistance for the implementation of the IFD agreement. Both donor and recipient countries can direct such support towards digitalization.

Source: UNCTAD, based on the text of the IFD agreement.

coordination among the agencies involved in facilitating businesses and investment.

These difficulties are also evident from other findings of the survey. In 2024, seven economies discontinued online single windows that had been rated in the previous assessments.² Ten discontinued information portals, and nine of these were developing economies. The cessation of these single windows and information portals could be the result of resource constraints, changes in ownership and responsibility for sites between ministries or agencies, changes in regulations prompting the need for updates or issues with information maintenance. A significant number of portals refer to dated legislation or procedures or offer relatively old forms. Both information portals and online single windows need clear ownership and resources for continuous updates and improvements.

Another phenomenon found during the survey is that of “single window dressing”, where significant communication efforts appear to have been made to market a portal to investors or the public, but upon

close inspection key procedures either are not accessible, refer to physical processes that cannot be conducted online or present other technical barriers that diminish the value of the portal. Such limitations are often revealed only when testing the process through the creation of a dummy company.

As observed earlier, business registration is usually the first step in and the basis for wider digitalization programmes. The GER survey results indicate that tax services, social security enrolment and operating licence acquisition are the most common additional services included in online single windows for business and investment facilitation. Together, these services constitute the core mandatory procedures for business establishment. Other, complementary services often provided online on the same platform include the reservation of company names (part of business registration procedures), processes to obtain digital identities or signatures, registrations for statistical purposes and connections with chambers of commerce (figure IV.4).

² Discontinued online single windows were found in Eswatini, Ghana, Serbia, Somalia, South Sudan, Uganda and Zambia. Discontinued information portals were found in Azerbaijan, the Republic of Congo, Costa Rica, Eritrea, the Islamic Republic of Iran, Mali, Micronesia, the Russian Federation, Tajikistan and Zimbabwe.

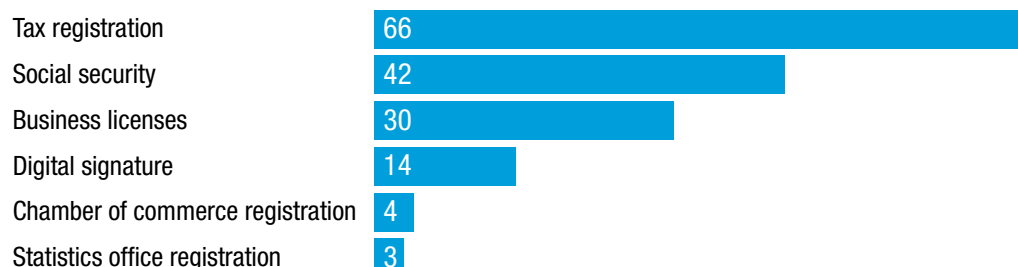




Figure IV.4

Online single windows offer various services in addition to business registration

Additional services provided by online single windows, 2024
(Percentage)



Source: UNCTAD, GER.co survey.

Notes: Includes only Member States of the United Nations. The last assessment for GER.co was undertaken between February and April 2024.

3. Foreign investor-specific online procedures

The distinction between business facilitation and investment facilitation through digital government platforms depends on the degree to which countries require foreign investors to complete additional or distinct administrative procedures to establish their operations. Several scenarios can be distinguished (table IV.1).

In most countries, foreign investors follow the same procedures as domestic investors to establish a business. This is the case for three quarters of the 141 countries with an investment law recorded in the UNCTAD Investment Laws Navigator.³ The same information portals and single windows created for domestic firms therefore also serve foreign investors. This can be especially beneficial for SME foreign investors and entrepreneurs from neighbouring countries (box IV.6). Some countries (16 per cent of those with an investment law) require foreign companies to seek government approval to invest. This authorization, typically referred to as an investment licence or permit, is usually delivered after an evaluation process that considers the investor's business plan in

light of host-country criteria that can range from economic development objectives to national security considerations. This is the case for several small island developing States (SIDS) (e.g. Cook Islands, Kiribati, Maldives, Niue, Papua New Guinea and Solomon Islands), as well as countries in the Middle East (e.g. Iran, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and in Africa (e.g. Ethiopia, Namibia and Somalia). In these cases, digital government solutions need to provide additional services for foreign investors, either through dedicated portals or through separate procedures on the same platform. In other cases, government approval is required for investment in specific sectors only. Where the list of sectors is limited to activities considered sensitive from a national security perspective, as in most developed countries, such approval processes are referred to as FDI screening (UNCTAD, 2023c). In some countries (e.g. China, India, Nepal and Thailand), the approval requirement can extend to a broad range of sectors and aim to protect domestic industries or address other public interest concerns. In this scenario, foreign investors

³ Available on the Investment Policy Hub, at <https://investmentpolicy.unctad.org/investment-laws>.





Table IV.1

Digital government solutions for foreign investment facilitation are shaped by legislative scenarios

Foreign investor-specific requirements and implications for digital investment facilitation

Scenario	Description	Common business facilitation practices	Example countries
No distinction	Foreign and domestic investors follow the same business establishment procedures	General-purpose business facilitation portals	Most countries
Foreign investment license/permit	All foreign investors are required to follow an approval procedure	General-purpose business facilitation portals with dedicated digital procedures	Papua New Guinea Solomon Islands
		Separate foreign investment facilitation portals, digital procedures	Ethiopia Saudi Arabia Somalia
		Separate foreign investment facilitation portals, non-digital procedures	Lesotho Maldives
Sector-specific FDI approval	Most foreign investors follow domestic procedures but approval is required in specific sectors based on national security (screening) or other public interest concerns		France
		Separate foreign investment facilitation portals, digital procedures	Germany India Nepal
			Belgium
		Separate foreign investment facilitation portals, non-digital procedures	Canada Thailand United States
Foreign investor registry	Foreign investors are included in a dedicated registry, often as a prerequisite to obtain the advantages of the investment law (e.g. incentives)	Separate foreign investment facilitation portals, digital procedures	Bhutan Dominican Republic
		Separate foreign investment facilitation portals, non-digital procedures	Chile Colombia Peru

Source: UNCTAD.

can use business facilitation portals, but with some restrictions or additional requirements in sectors of concern.

A small share of countries (11 per cent of countries with an investment law) require foreign investors to register their companies in a dedicated registry, either as an alternative or in addition to registering them as domestic businesses. Registration is typically done at the IPA or investment

authority or at the central bank. The purpose of the registration is often to collect statistics on FDI (e.g. in the Plurinational State of Bolivia, Cabo Verde, Colombia, the Dominican Republic and Georgia), or to enable investors to access the benefits of the investment law, including incentives (e.g. in Chile, Nicaragua, Peru and the Bolivarian Republic of Venezuela). The dedicated registry can either be separate





Box IV.6

Burundi: Fueling business creation and regional integration through digital investment facilitation

In November 2022, the Burundi Development Agency introduced a digital platform designed to simplify the process of starting a business in the country (EasyBusiness.bi). Developed using the eRegistrations platform of UNCTAD and supported by the World Bank through the Local Development Project for Employment, the platform offers a comprehensive online service for business registration across the country, eliminating the need for entrepreneurs to travel to the capital.

The platform has reduced the registration requirements by 70 per cent, which has had a profound effect on the number of businesses being established. Since its launch, registrations have increased by 59 per cent, including a notable rise in participation from foreign individuals in limited liability companies. More than half of these foreign partners are from neighbouring countries, and more than 70 per cent from the region. The introduction of the platform has not only facilitated local business creation but also attracted international interest, fostering economic growth and development in Burundi.

Source: UNCTAD. See also <https://easybusiness.bi>.

from a general business registration portal or be connected to or integrated in it.

Some countries (17 per cent) impose investment registration requirements on both foreign and domestic investors. The purpose is often to benefit from the provisions of the investment law – which usually applies to both foreign and domestic investment – including eligibility for incentives (e.g. in Cambodia, Chad, Kenya, Malawi, the Philippines and Uganda). Access to the treatment and protection guarantees of the law can be a crucial consideration for investors in their decision to establish and operate in a country, making this registration equivalent to an investment permit. In Angola, for instance, to benefit from the provisions of the Private Investment Law, both domestic and foreign businesses that invest more than \$1 million must obtain an investment licence. The provisions include the ability to access land concessions, secure fiscal incentives, transfer funds abroad and obtain other necessary permits. Complex procedures specific to foreign investors usually prompt the establishment of dedicated information portals or online single windows, distinct from those for domestic investors.

These different scenarios are reflected in the accessibility to foreign investors of online single windows (figure IV.5). For such investors, portals in developing countries, and especially in LDCs, have comparatively more dedicated services or additional forms or procedures. Most investment laws are adopted in developing countries, whereas developed countries tend to rely instead on general commercial law for business establishment procedures. Nonetheless, accessibility to foreign investors is not actually better in developed countries. Many developed-country single windows prevent foreign investors from carrying out procedures online through requirements such as electronic identities or certified email addresses that can be obtained only through government offices that require residency or physical presence in the country. These requirements often stem from anti-money-laundering legislation or general efforts to curb illicit financial activities. Such legitimate regulatory obstacles to the complete digitalization of business establishment processes are an important reason for the continued relevance of information portals in addition to online single windows.

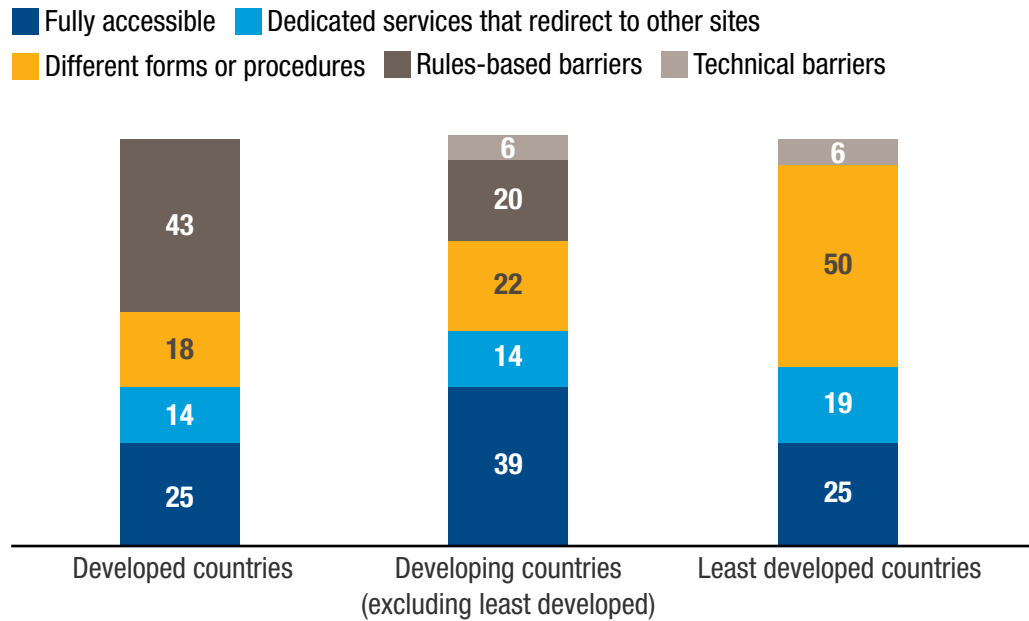




Figure IV.5

Single windows in developing countries are often more accessible to foreign investors than those in developed countries

Accessibility to foreigners of online single windows, 2024
(Percentage)



Source: UNCTAD, GER.co survey.

Notes: Rules-based barriers pose requirements that are not immediately accessible or available to foreigners (e.g. certified e-identities or work permits). Technical barriers are challenges in accessing the platform at the time of research (e.g. website inaccessible).

4. Portal ownership and the role of IPAs

Both information portals and online single windows for business and investment facilitation can be managed by different government entities, depending on their scope. In countries surveyed by the GER, over 40 per cent of both types are administered by line ministries, often for economic affairs or for trade and investment (figure IV.6). Investment authorities and IPAs also frequently manage information portals, including for general-purpose business facilitation (not just foreign investor procedures). Transactional online single windows are more commonly managed by business registries and developed as part of the process of automating such registries.

The lower involvement of IPAs in the management of online single windows

is understandable, as they are not direct owners of the resulting registries. Nonetheless, many IPAs do play a role in the development of online services for investors in their country. Only about one quarter of respondents in the annual UNCTAD IPA survey reported having no involvement of any kind in the development of an online single window for business and investment facilitation (figure IV.7). The rest reported various levels of engagement, ranging from advocacy to advisory roles to participation in government-wide task forces.

The result of this active engagement is that IPAs have a generally positive perception of the share of mandatory administrative processes that can be completed online, a perception that contrasts to some degree



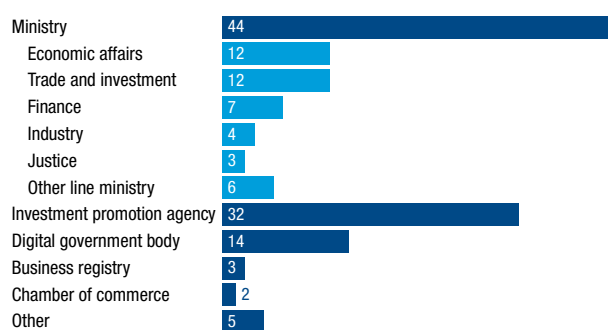


Figure IV.6

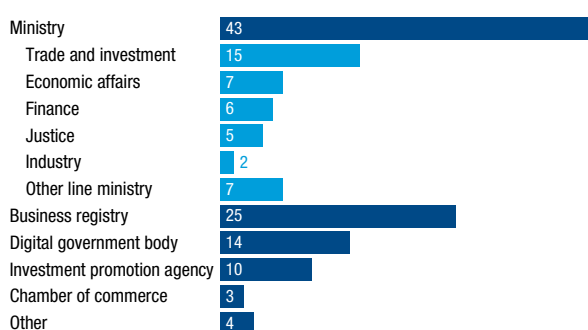
Portals are generally managed by government ministries, IPAs and business registries

Ownership of information portals and digital single windows, 2024
(Percentage)

a. Information portals



b. Single windows



Source: UNCTAD, GER.co survey.

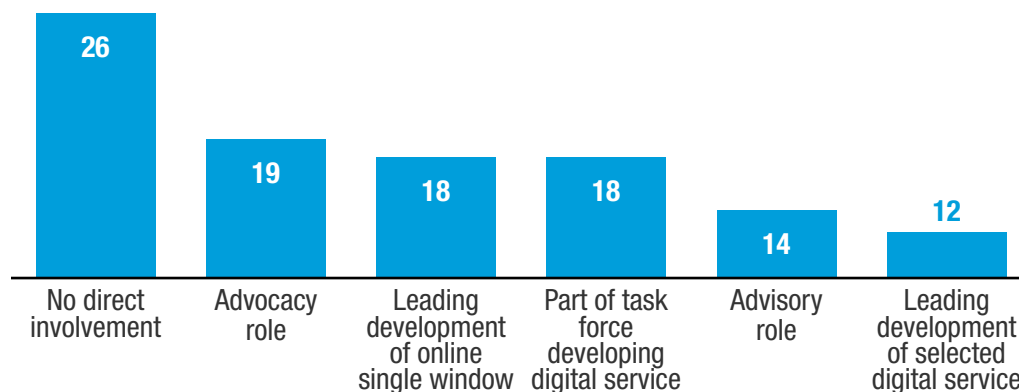
Abbreviation: IPA = investment promotion agency.



Figure IV.7

Only about one quarter of IPAs have no involvement in developing online single windows

Role of IPAs in development of online single windows, 2024
(Percentage of survey respondents)



Source: UNCTAD, 2024–2026 World Investment Prospects Survey.

Notes: The survey, conducted in April 2024, collected 96 responses from national and subnational IPAs. Percentages may not sum to 100 due to rounding.

Abbreviation: IPA = investment promotion agency.

with the results of the GER survey. Some 70 per cent of IPAs report that most mandatory procedures for business establishment – including registration, tax and social security

enrolment, and operating licence acquisition – can be conducted online in their country, whereas the GER survey of transactional portals shows lower shares for social



security enrolment and operating licence acquisition. Either IPAs have lower visibility of requirements that may be sector specific or not immediately urgent in the establishment phase, or these services are provided mostly through separate online systems not connected to an online single window.

There is scope for further engagement by IPAs in the development of digital government (see, for example, the proactive role that the Kenyan IPA Keninvest is

taking in this regard (box IV.7)). The digital transformation of IPAs is ongoing (UNCTAD, 2023b). They often provide other types of digital investment promotion and facilitation tools, in combination with or separate from information portals that deal purely with administrative procedures. Tools that connect well with typical investment facilitation practices include investor feedback and grievance communication, online databases to support searches for local suppliers, and incentives calculators.



Box IV.7

Kenya: Connecting digital tools for investment promotion and facilitation

Despite significant advances in digital government services in Kenya, notably through the eCitizen platform, new businesses and investors still encounter multiple, disjointed registration processes and authorizations, including for licences and permits needed to operate in regulated sectors and counties.

Although some applications can be completed online, the lack of integration among systems adds significant barriers for investors and entrepreneurs. There is a pressing need for enhanced facilitation to elevate investment levels sufficiently to address interconnected economic, health, security and climate challenges.

The Kenya Investment Authority (Keninvest) offers one-stop, in-person services such as assistance with foreign taxpayer registration, electrical grid connection and work permits. However, its services do not extend to crucial permits and licences at the county, sectoral or environmental levels. In addition, it lacks the capability to comprehensively register investment projects online, collect data or provide effective investor aftercare services, which are essential for monitoring and supporting successful investment outcomes.

The Kenya Investment Single Window project, being developed by UNCTAD, aims to tackle these issues. It will introduce an online system to streamline the investment process in the country and enhance the Government's capacity to attract and monitor investments effectively.

The system will connect with existing government databases such as the eCitizen portal, the Kenya Revenue Authority's iTax system and county government portals. This integration will enhance the functionality of existing platforms, making it easier for businesses to navigate the regulatory environment.

Source: UNCTAD. See also <https://eregulations.invest.go.ke>.



C. Facilitation in national and international investment policies

Investment facilitation plays an increasingly prominent role in both national and international investment policies. Facilitation measures are now the largest category of national investment policy measures, and especially important in developing countries. More recent national policy measures refer explicitly to digital government tools. Most modern IIAs and instruments also include facilitation provisions and act as catalysts for the use of digital government solutions.

1. National policies

Investment facilitation measures have become a key component of the global investment policy landscape, constituting between a quarter and a third of the investment policy measures more favourable to investors that countries adopted over the last decade, and nearly two fifths of such measures in 2023 (chapter II).⁴ The total number of investment facilitation measures introduced each year has more than doubled since the early 2000s, growing by 150 per cent in developing countries and 82 per cent in developed countries from 2012–2015 to 2020–2023 (figure IV.8).⁵ Streamlining initiatives emerged as the predominant type of investment facilitation measure over the past decade (53 per cent), followed by facilitation services (31 per cent) and transparency initiatives (16 per cent). This trend was similar across developing and developed regions.

During the second half of the 2010s, digital tools emerged in investment policy measures. Digital investment facilitation services, absent from the measures adopted between 2012 and 2015, constituted 15 per cent of all investment facilitation service initiatives in 2020–2023. Between the two periods, the share of digital streamlining measures grew from less than 10 to 25 per cent and the share of digital transparency measures grew from 0 to almost 30 per cent (figure IV.9).

Transparency measures related to investment included primarily the consolidation of investment-related provisions (for instance, in Fiji and Uzbekistan), the issuance of guidelines on investment legislation (notably in China and India) and the establishment of online investment portals (as seen in Oman and

⁴ For more details regarding the definition of investment-related policy measures and their classification into less and more favourable to investors, see chapter II, box II.2.

⁵ The facilitation measures included in this analysis relate to FDI and primarily encompass policy measures enacted through national legislation. They comprise 333 measures implemented across 99 countries, including 23 developed and 76 developing countries, over the past 12 years.

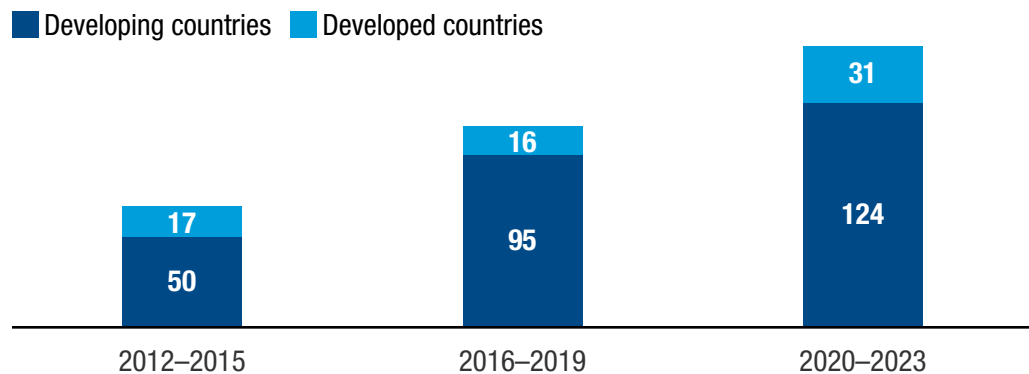




Figure IV.8

Facilitation measures are increasingly prevalent in national investment policies

Facilitation measures by economic grouping and period of adoption (Number)



Source: UNCTAD, Investment Policy Monitor database, accessed 15 April 2024.

Uruguay). In addition, the recent expansion of investment screening regimes (chapter II) – by itself not among the measures that are favourable to investors – has prompted several developed countries (including Australia, France, the Kingdom of the Netherlands and the United Kingdom), to clarify their investment review frameworks by publishing guidelines.

Streamlining initiatives span a wide array of measures designed to simplify and modernize investment policies and administrative procedures. Non-digital measures include the simplification of business registration (e.g. in Mauritius, Romania and Viet Nam), licensing procedures (e.g. in Jordan, Mozambique, Peru and the Philippines) and screening mechanisms (e.g. in Canada and New Zealand). They also include the creation of physical one-stop shops (e.g. in Algeria, Mongolia and South Africa).

Digital initiatives represented a quarter of streamlining efforts. The largest category was the establishment of digital one-stop shops (10 per cent) or online single windows. Other digital streamlining initiatives encompass the digitalization of various investment-related processes (e.g. the introduction of online applications, forms,

certificates and payment facilities). As in the case of transparency measures, several new digital initiatives aim to simplify investment screening processes by introducing portals designed for this purpose (e.g. in France and Germany).

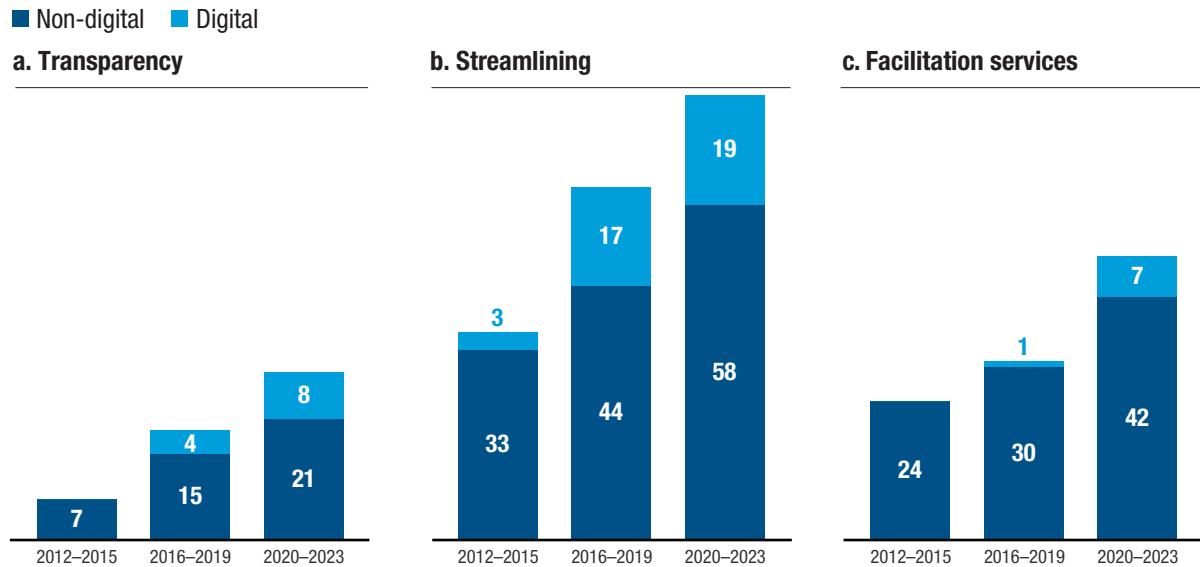
Facilitation services provide tailored support from IPAs, SEZs or other entities designed to aid investors in establishing or expanding their operations within a country. During the last decade, measures in this category were evenly split between services related to SEZs and those offered by IPAs or governmental agencies. The latter included services such as alternative dispute resolution mechanisms, visa facilitation, linkage programmes and aftercare services.

Digital tools are increasingly utilized in delivering investment facilitation services. This trend strengthened after the COVID-19 pandemic, which saw an expansion in the offering of digital investment facilitation and aftercare services by IPAs, with a sharper focus on promoting linkages between foreign companies and the local economy (UNCTAD, 2020b). Oman, for instance, recently launched an online platform to connect local companies with global investors. In Cambodia, the online supplier database aims not only to link foreign and



Figure IV.9
Digital government tools are increasingly common in investment facilitation measures

Measures by type and period of adoption
(Number)



Source: UNCTAD, Investment Policy Monitor database, accessed 15 April 2024.

domestic firms, but also to generate a “sustainable investment cycle” by rewarding and motivating sustainable operations. Traditional approaches to resolving investor grievances are increasingly incorporating digital solutions. The Investment Ombudsman model of the Republic of Korea serves as a prime example (box IV.8).

Facilitation provisions are increasingly common not only in investment policy measures and initiatives, as discussed earlier, but also in investment laws. Of 141 such laws currently in force, as recorded by UNCTAD in the Investment Laws Navigator, 64 (45 per cent) include clauses on investment facilitation. These clauses have become more common in laws enacted after the early 2000s (figure IV.10). There are some regional differences; 63 per cent of investment laws in Africa incorporate investment facilitation provisions, but only 20 per cent do so in Latin America and the Caribbean.

As in the case of policy measures, investment facilitation provisions in investment laws relate to streamlining, services and transparency (figure IV.11). Transparency provisions are present in 19 investment laws currently in force. They typically commit the State to publishing all laws, rules and regulations concerning investment. Only two such laws emphasize the digital accessibility of such information, and one mandates its publication on the official Government website. Another law requires the online publication of supplementary information relevant for investors, such as socioeconomic data on the country.

Streamlining provisions largely involve the establishment of one-stop shops for investors (in 33 of 36 investment laws with streamlining provisions). Most of these one-stop shops serve all investors, but some are tailored specifically to foreign or strategic investors. Only five laws establish



Box IV.8

Republic of Korea: Digital solutions improve investment grievance settlement

The Republic of Korea pioneered the institutionalization of an ombudsman mechanism for resolving foreign investment-related grievances. The Office of the Foreign Investment Ombudsman (OFIO), introduced in 1999, acts as a grievance resolution centre and advocacy body for foreign investors. Its digital portal offers a real-time grievance management system, enabling foreign companies to report issues and monitor case progress online. The portal also allows virtual meetings with experts, who then coordinate solutions with relevant ministries or organizations.

The digitalization of OFIO services has accelerated the exchange of information with public entities, which is critical for resolving foreign investors' grievances. From 2018 to 2022, OFIO settled 1,746 grievances, contributing to an increase in decisions to reinvest and a better business environment. This support resulted in \$1.73 billion in reinvestment in 2022 alone. These results have led several countries, including Brazil, Kazakhstan and the Russian Federation, to adopt similar investment ombudsman mechanisms.

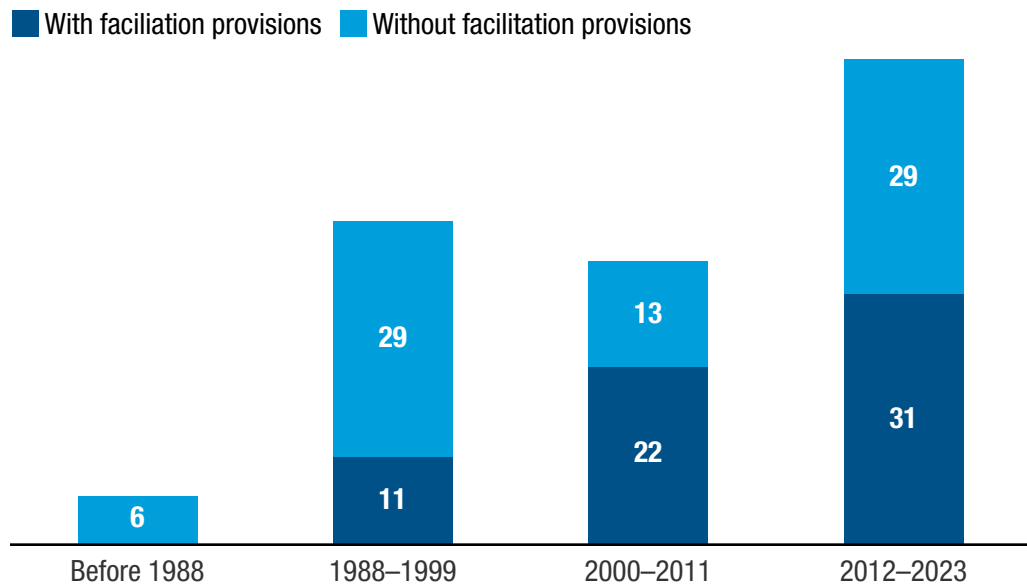
Source: UNCTAD, based on information from the Office of the Foreign Investment Ombudsman and the Korea Trade-Investment Promotion Agency.



Figure IV.10

Recent investment laws frequently include facilitation provisions

Laws by period of adoption
(Number)



Source: UNCTAD, Investment Laws Navigator database, accessed 14 April 2024.



Figure IV.11
Streamlining and facilitation services are more common than transparency provisions in investment laws

Laws with specific investment facilitation measures, 2023
(Number)



Source: UNCTAD, Investment Laws Navigator database, accessed 14 April 2024.

digital one-stop shops. Additional provisions to streamline investor processes include simplifying administrative procedures, promoting digitalization and establishing maximum timelines for government processes related to investment.

Facilitation services provisions in investment laws encompass alternative dispute resolution (22 laws), including mediation,

conciliation and dedicated mechanisms for resolving investment-related grievances, such as investment ombudsmen. They also include investor support services by IPAs or other agencies (12 laws). These services comprise counselling, administrative assistance for permits and licensing, visa facilitation for investors and skilled workers, and assistance in access to land and utilities.

2. International investment agreements

New-generation IIAs increasingly embrace proactive investment facilitation features. Yet, much more is needed to direct facilitation commitments in IIAs towards sustainable investment and to ensure that treaty provisions translate into practical interventions.

Recent IIAs increasingly contain provisions aimed at improving the regulatory environment in host countries, encouraging stakeholder engagement, setting up regular cooperation mechanisms between the contracting parties and facilitating investment for sustainable development (figure IV.12). Prominent examples of these provisions appear in treaties and instruments concluded at the plurilateral, regional and bilateral levels.

The plurilateral Investment Facilitation for Development (IFD) agreement strongly emphasizes transparency and streamlining of administrative procedures and contains elements to support sustainable development, responsible business conduct

and international cooperation. At the regional level, the Protocol on Investment (2023) to the AfCFTA, as well as the Association of Southeast Asian Nations (ASEAN) Investment Facilitation Framework (2021) and the Intra-MERCOSUR Cooperation and Facilitation Investment Protocol (2017), contain proactive commitments to sustainable investment, digitalization and cooperation. At the bilateral level various models promote investment facilitation, including the Cooperation and Facilitation Investment Agreements concluded by Brazil, the Angola–European Union Sustainable Investment Facilitation Agreement (SIFA) (2023) or the framework agreements such as the Australia–Singapore Green Economy Agreement (2022).

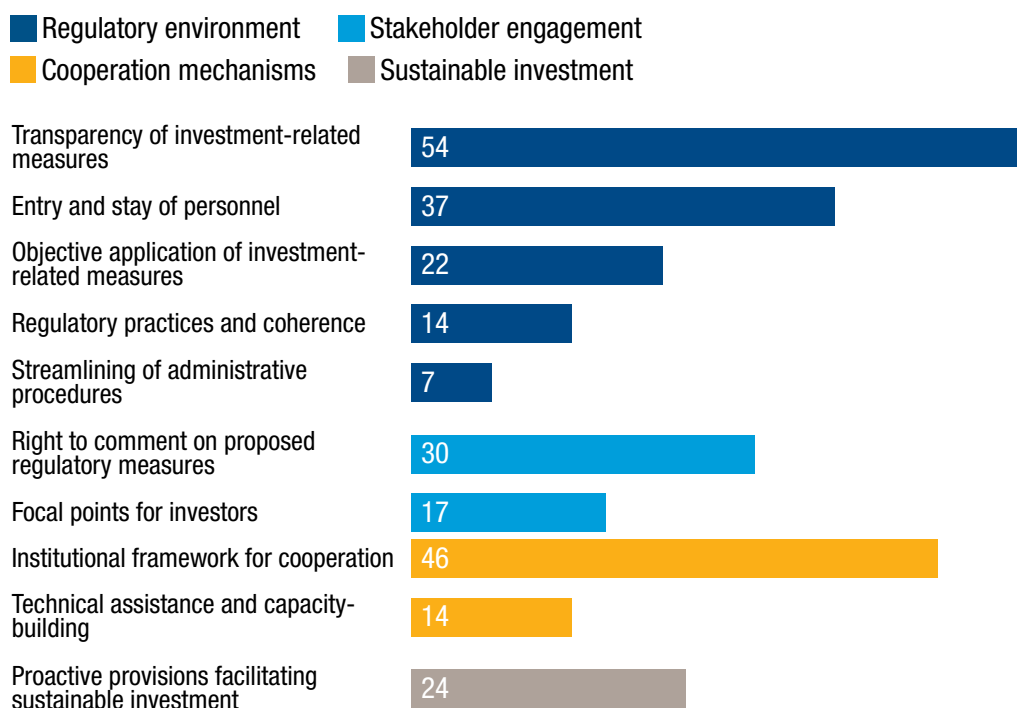
Digitalization, expressly encouraged in several recent IIAs, can serve as a tool for effectively implementing IIA facilitation commitments. It is the natural implementation mechanism for transparency commitments, the most common facilitation feature in recent IIAs.



Figure IV.12

Recent IIAs include a wide range of facilitation commitments

Share of IIAs signed during 2015–2023, by investment facilitation feature (Percentage)



Selected features of IIAs

Transparency of investment-related measures. Commitment to publish investment-related measures and/or measures that affect the application of the IIA, including online.

Entry and stay of personnel. Commitment to streamline and/or render more transparent procedures for granting entry and stay of investors, including sympathetic consideration commitments.

Objective application of investment-related measures. Commitment to objective and predictable application, independence of administering authorities and/or maintenance of appeal and review mechanisms.

Streamlining of administrative procedures. Commitment to eliminate redundant bureaucratic steps and clarify the administrative process, including through digitalization and eGovernment tools.

Regulatory practices and coherence. Encouragement of good rule-making practices (e.g. regulatory impact assessment, periodic review) and/or inter-agency coordination.

Right to comment on proposed regulatory measures. Commitment to provide investors the opportunity to comment on proposed measures.

Focal points for investors. Commitment to establish institutions available to investors with information, aftercare, dispute avoidance and/or broader functions.

Institutional framework for cooperation. Establishment of a cooperation mechanism under the IIA, including for contracting parties' institutions responsible for investment.

Technical assistance and capacity-building. Reference to technical assistance and/or capacity-building activities in the IIA.

Proactive provisions facilitating sustainable investment. Commitment to proactive measures aimed at promoting and facilitating investment linked to the Sustainable Development Goals (e.g. environment, health, climate action).

Source: UNCTAD.

Note: Based on 235 IIAs, 148 BITs and 87 TIPs concluded in the period 2015–2023 for which texts are available.

Abbreviations: BIT = bilateral investment treaty, IIA = international investment agreement, TIP = treaty with investment provision.



It can also operationalize IIA commitments to streamline investment administrative procedures and improve stakeholder engagement. Recent treaties increasingly encourage digitalization or include commitments regarding online information provision or single windows (figure IV.13).

Over half of all IIAs signed since 2015 contain a commitment to publish investment-related measures. Such transparency provisions are among the earliest investment facilitation commitments to appear in IIAs, and the share of IIAs that contain them has grown steadily. IIAs commonly extend this commitment to proposed measures and at times include a detailed indicative list of measures to publish. These can cover regulations directed specifically at investors, such as incentive schemes, as well as measures

or laws that are likely to affect investments indirectly, such as regulations concerning corporate governance, insolvency, property or taxation. Examples of such detailed provisions can be found in the Angola–European Union SIFA, the IFD agreement, the Türkiye–United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA) (2023) and the ASEAN Investment Facilitation Framework, among others. These treaties illustrate the catalytic role that international agreements can play in the adoption of facilitation measures and digital government tools – an effect already observed with the WTO Trade Facilitation Agreement (box IV.9).

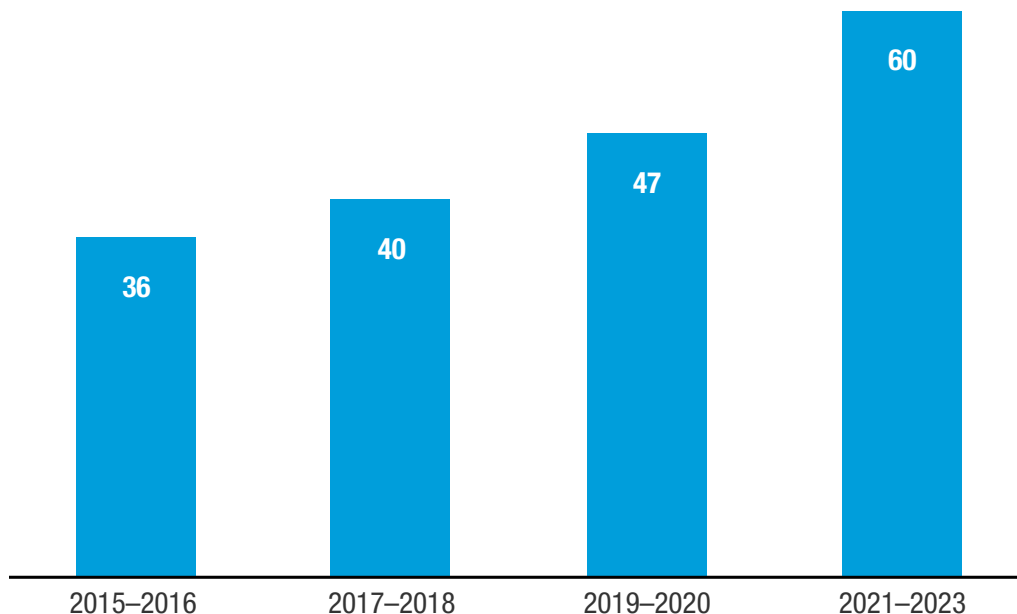
Digital government tools are the most effective way to operationalize transparency commitments. About half of IIAs with transparency provisions signed in the



Figure IV.13

IIAs increasingly encourage digitalization

Facilitation provisions in IIAs that refer to digital tools
(Percentage)



Source: UNCTAD.

Note: Based on 131 IIAs, 70 BITs and 61 TIPs concluded in 2015–2023 that contain at least one facilitation provision. Data based in part on International Economic Law Clinic (2024).

Abbreviations: BIT = bilateral investment treaty, IIA = international investment agreement, TIP = treaty with investment provision.





Box IV.9 Information portals for trade

Transparency in import, export and transit procedures is essential for businesses to ensure predictability in cross-border trade. Despite progress in trade facilitation, many companies – particularly micro, small, and medium-sized enterprises (MSMEs) – still find it challenging to complete trade formalities and documentation. The challenge often arises from a lack of transparency, cumbersome and redundant procedures, and uncoordinated legal frameworks, causing businesses to spend excessive time and resources to comply with trade and customs procedures.

The WTO Trade Facilitation Agreement includes transparency provisions that require members to make certain information available online, such as detailed descriptions of import, export and transit procedures; required forms and documents; and contact information for enquiry points. Although the Agreement does not specify that this information be centralized, it is most effective when presented on a user-centric website that offers comprehensive, step-by-step guides to trade-related procedures.

Building on extensive experience in developing digital solutions for business and investment procedures, UNCTAD has created a model Trade Information Portal. This online tool aims to enhance transparency and assist traders by simplifying the completion of international trade procedures. Launched first in Kenya in 2017, the portal has proven effective. Traders have seen reductions in time and costs to access information about clearance procedures. By 2022, the National Trade Facilitation Committee of Kenya had simplified numerous procedures through the portal, eliminating steps and required documents and moving several processes online.

The UNCTAD Trade Information Portal model, which is based on the eRegulations technology, emphasizes presenting information from the user's perspective and providing step-by-step guidance for all import, export and transit procedures. To date, this approach has been implemented in 28 countries, significantly aiding traders by simplifying and demystifying the required legal and procedural steps.

Source: UNCTAD. See also <https://digitalgovernment.world/trade-information-portals>.

past five years contain a commitment to online publication, and several expressly encourage the contracting parties to create a digital information portal. For example, under the Angola–European Union SIFA, each contracting party commits to make a wide range of information available to investors by electronic means and, where practicable, through a single portal.

A key national policy component that recent IIAs have begun to incorporate is the simplification and streamlining of investment-related administrative procedures. These provisions usually aim to eliminate redundant bureaucratic steps and to clarify the administrative process for investment-related application procedures. They often require a reasonable time frame and cost for licence applications, encourage countries to consolidate the application process under a single agency and establish

certain procedural commitments for the application process. Recent examples include the Angola–European Union SIFA, the China–Ecuador FTA (2023), the IFD agreement, the Türkiye–United Arab Emirates CEPA and the ASEAN IFF.

More recently, treaty partners have also begun to commit to streamlining procedures in the energy sector to support energy transition efforts or to facilitate investment in the energy transition (see the AfCFTA Investment Protocol and the European Union–New Zealand FTA (UNCTAD, 2023d). Another provision that can benefit from digitalization is the streamlining of procedures for the entry and stay of investors and key personnel (see, for example, the Regional Comprehensive Economic Partnership Agreement (2020) and the Israel–Republic of Korea FTA (2021)).



Digital government solutions can help eliminate redundant bureaucratic steps and streamline the administrative process. The AIFF (2021) offers a regional example in which parties endeavour to establish and maintain single online digital platforms for investor applications. Similarly, at the bilateral level, the Türkiye–United Arab Emirates CEPA contains a commitment to work towards the “the highest possible level of digitalization of procedures related to investments”. Parties also refer to measures that have proven to be effective, such as one-stop shops, single portal submissions or commitments to accept the submission of electronic applications, documents and payments (see the AfCFTA Protocol on Investment and the Angola–European Union SIFA, among others).

Used strategically, digitalization can not only improve the overall investment climate but also contribute to operationalizing IIA provisions aimed at facilitating sustainable investment. For example, to render tangible recent IIA commitments to facilitate investment in renewable energy, parties may prioritize the digitalization of licencing processes related to construction of energy installations or laying of cables, disbursement of renewable energy incentives or connections to electricity grids (UNCTAD, 2023c).

About 30 per cent of IIAs signed since 2015 include a commitment to offer investors and

relevant other stakeholders the opportunity to comment on proposed investment-related measures (see for example the Australia–United Kingdom FTA (2021)). Some 17 per cent also require the creation of focal points for investors, with informational or grievance functions. Examples include the Cooperation and Facilitation Investment Agreements of Brazil, the intra-MERCOSUR Protocol on Investment Facilitation and the Regional Comprehensive Economic Partnership Agreement (2020). Some recent IIAs also encourage the establishment of local supplier databases (see the Angola–European Union SIFA and the IFD agreement, which are by default digital) (box IV.2).

The use of digital tools can improve the efficiency of all these commitments, as well as their accessibility, including for underrepresented economic actors and civil society. The work of focal points can be optimized by, for example, a first-response automated chat assistant for simple information requests and a mechanism to direct grievances to relevant officers, which allows an overall higher number of inquiries to be processed. Similarly, maintaining an online portal for investor and civil society comments on proposed investment-related measures can allow a broader range of stakeholders to access it and improve the efficiency of collecting, processing and disaggregating comments.



D. The impact of investment facilitation and digital government

Digital investment facilitation has positive effects on governance and institutions, business creation and investment attraction. It can support the promotion of sustainable investment, although facilitation measures are difficult to target. Much of the sustainable development impact occurs through business facilitation, which contributes to the formalization of local firms, domestic resource mobilization and higher rates of inclusivity and participation in the MSME sector.

Systematic research on the impact of investment facilitation on FDI is both scarce and difficult to conduct because of the limited data available on investment facilitation measures, the interlinked nature of investment facilitation measures with other policies and the interdependencies of effects with other factors that affect FDI flows.

The lack of conclusive evidence and of a definitive estimate of impact has not stopped policymakers from pursuing investment facilitation efforts in international initiatives and national policy measures. It is generally accepted that investment facilitation is an important component of a conducive business environment, long identified as one of the three key factors influencing FDI, together with economic and policy determinants (UNCTAD, 1998; Alfaro et al., 2008).

Facilitation efforts affect several dimensions of the business environment, including the ease of doing business and the quality of investment institutions, which directly influence the establishment and operations of foreign investors. They further affect institutional factors such as levels of corruption, rule of law and quality of governance, which indirectly

contribute to improving the attractiveness of a location for foreign investment.

The advantage of investment facilitation is that it often does not require changes in policies or legislation. Most investment facilitation practices, from information provision to transparency and streamlining, are about how rules and regulations are communicated and applied and how easy they are to comply with, rather than their substance. Therefore, unlike other FDI determinants, investment facilitation measures often require less policy space (such as for policy determinants) and do not rely on economic conditions (such as for economic determinants).

The relevant literature on FDI determinants substantially supports the attractiveness of investment facilitation measures as policy tools for increasing FDI. Empirical studies have reached broad consensus on the fact that countries with better business environments are more likely to attract higher FDI flows. The impact of investment facilitation measures – as measured through their effect on the business environment – is likely to be economically sizeable. An early simulation by UNCTAD – used to underpin its Global Action Menu for Investment



Facilitation (UNCTAD, 2016) and based on a World Bank study analysing the relationship between FDI and the number of procedures to start a foreign business – suggests that aligning developing countries to the median level of administrative complexity (i.e. reducing procedural complexity in countries above the median) would be associated with an average increase in aggregate FDI stock of 20 per cent. Older studies corroborate the finding (Jayasuriya, 2011; Anderson and Gonzalez, 2013).

Investment facilitation measures can also contribute to inclusive and sustainable development. Because of their relatively low cost (compared with, for example, subsidies, incentives or the construction of SEZs), they are expected to disproportionately benefit smaller and resource-poor economies, and in general those that have few other levers to attract FDI. The positive effect of facilitation practices on governance and institutions would benefit countries with weaknesses in these areas relatively more. Furthermore, investment facilitation measures will support FDI in manufacturing and services more than in extractives (FDI that is mostly resource-seeking and less sensitive to other determinants), thereby contributing to economic diversification. Finally, facilitation measures will have a greater impact on FDI by SMEs, which tend to be disproportionately hindered by administrative hurdles.

Promoting sustainable development through investment facilitation is not automatic, despite the prominence of sustainable development objectives in international agreements and instruments, including the recent IFD agreement. Targeting investment in sectors that contribute more to sustainable development, or investors with more sustainable operations, can be done through typical investment promotion measures such as incentives, which can be applied selectively and made conditional on specific criteria. It is more difficult to envisage providing information or transparency selectively. The logic and the economies of scale of typical investment facilitation

measures would normally dictate that they are applied across the board. The main lever that governments can use to support sustainable development through investment facilitation is to sequence the implementation of sector-specific streamlining measures, prioritizing relevant sectors (e.g. operating licences in the health sector or planning permits in the renewable energy sector).

Digital government solutions for business and investment facilitation, for the most part, just reinforce the effects of such efforts. First and foremost, they tend to focus implementation efforts on the aspects of investment facilitation that are likely to have the greatest direct impact on investment attraction and business creation. Common provisions in investment facilitation policies or treaties include elements such as investor focal points, dispute prevention mechanisms and stakeholder engagement. While these are important benefits for investors and they have the potential to improve governance, institutions and the investment climate in the long run, none are as immediately and continuously relevant to businesses and investors as accurate information, transparency of rules and regulations, and streamlined, efficient and effective administrative procedures – all of which feature prominently in every objective assessment of the relative attractiveness of business and investment climates across countries.

Improvements in government digitalization more broadly, including in areas beyond business and investment facilitation, can also positively influence the investment climate in a country (Al-Sadiq, 2021). Research has shown a positive correlation between digital government services and FDI inflows, stemming from streamlined procedures, improved information access, heightened government efficiency, reduced corruption and cost-saving mechanisms made possible through the consolidation of services on a single platform (Operti and Volpe Martincus, 2023).

Countries that rank in the top quartile of the EGDI receive more than 10 times the



average inward FDI flows per capita as those in the bottom quartile (UNCTAD, 2024a). The same ratio holds for gross fixed capital formation. This is, of course, largely explained by the fact that the EGDI rankings correlate closely with GDP per capita and the development status of economies, with mainly higher-middle-income developing countries in the top quartile, and LDCs typically in the lower quartiles.

Similar but more nuanced results derive from correlating investment, business creation and institutional quality with the UNCTAD GER ratings, which are less obviously aligned with development levels and allow for LDCs to leapfrog higher-income countries in the quality of their information portals and online single windows. On average, GER ratings still fully align with institutional quality (as measured by the World Bank's Governance Index; figure IV.14), but the differences between the top three quartiles become marginal, with significant variance within the top quartiles. Those quartiles combine more advanced developing economies with

some LDCs that have created – often with technical support, including from UNCTAD – high-quality online single windows.

The same analysis of business creation rates also shows a positive correlation between the presence and quality of information portals and single windows for business and investment facilitation and the establishment of new firms (figure IV.15). Average rates of business creation in the top three quartiles are again very similar, and the rate in the top quartile is slightly below that in the second quartile, as a result of a combination of lower rates in some LDCs and in several higher-income, already more mature, developing economies.

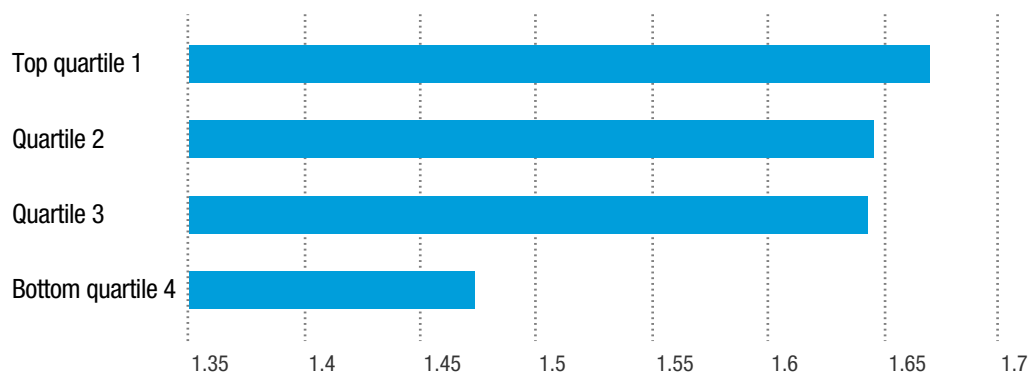
Comparing GER ratings with FDI attraction rates makes the influence of several leapfrogging LDCs in the top quartile even more pronounced than for business creation rates (figure IV.16). The low levels of FDI in these LDCs brings down FDI performance in the group of countries with the best digital government tools for business and investment facilitation by a significant margin. Evidently, high-quality



Figure IV.14

Digital investment facilitation is associated with higher institutional quality

Institutional quality index by GER quartiles, developing countries, 2022



Sources: UNCTAD, GER.co, and World Bank Governance Indices (2022).

Notes: Quartiles were constructed from the average score between information portals and single windows from GER.co data for 2024 (or latest available) in developing countries. The institutional quality index represents the average for indicators of government effectiveness, regulatory quality, rule of law, and control of corruption on a scale from -2 to 2. It assigns higher scores to countries with better institutional quality, according to ratings by non-governmental organizations and international organizations. For better representation, a linear transformation was applied to regulatory quality scores.

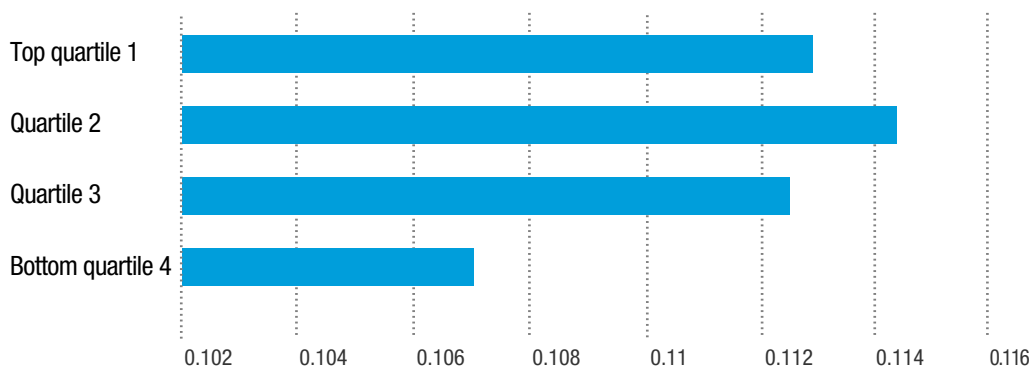




Figure IV.15

Digital investment facilitation is associated with higher rates of business creation

New business index by GER quartiles, developing economies, 2016–2022



Sources: UNCTAD (GER.co) for ratings and World Bank (Entrepreneurship Database, 2016–2022) for business creation.

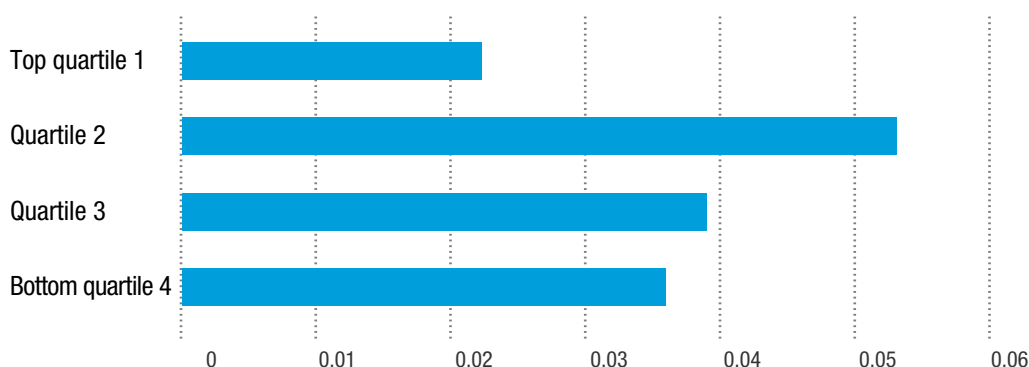
Notes: Quartiles were constructed from the average score between information portals and single windows from GER.co data for 2024 (or the latest available) in developing countries. The new business creation index is measured as the number of newly registered companies with limited liability over the total number of companies with limited liability in the same year (average, 2016–2022). In case of missing data for the total number of companies with limited liability, the observation from the year before plus the number of newly registered companies was used. One outlier (Mauritania) was removed from the first quartile.



Figure IV.16

Digital investment facilitation does not automatically lead to more FDI

Inward FDI as a percentage of GDP by GER quartiles, developing countries, average 2021–2023



Sources: UNCTAD for FDI inflows, UNCTADstat for GDP data, and GER.co for ratings.

Notes: FDI is the average of FDI flows between 2021 and 2023. GDP is the average between 2021 and 2022 (latest year available).

Abbreviations: FDI = foreign direct investment, GDP = gross domestic product.



information portals and online single windows in and by themselves do not lead to higher FDI inflows. Improvements in governance and institutions take time to affect investor perceptions, and other fundamental FDI determinants – ranging from macroeconomic and political stability to market size and income levels, labour costs and the quality of physical infrastructure – are ultimately more important.

The comparison of the correlations of GER data with business creation rates, on the one hand, and FDI attraction on the other can be considered a confirmation that the benefits of business and investment facilitation

are more significant for domestic firms than for international investors (box IV.10). The latter tend to have more resources for engaging local advisers to support compliance with regulatory requirements and to navigate administrative procedures. Domestic MSMEs and informal businesses stand to gain much more from streamlined procedures for business formalization – hence the insistence by UNCTAD on combining, as much as possible, digital government tools for business facilitation and investment facilitation, and synergizing programmes for private sector development and investment attraction.



Box IV.10

Impact assessments of digital government tools for business facilitation

Insights from post-implementation reviews of UNCTAD technical assistance programmes in business facilitation underscore that the ability to register a business online represents a critical step for business creation. It eliminates a significant barrier to formalization and alleviates the need for MSMEs to visit central government offices, thereby improving access, enhancing consistency in service delivery and reducing corruption risks.

Governments also reported the following benefits:

- Higher rates of formalization of local businesses, and creation of more businesses (local and foreign) overall
- Reduced time, costs, forms and documents required for creating and operating a business
- Positive effect on women, young people and rural populations, who previously faced greater obstacles with traditional paper-based and urban-based business registration procedures
- Increased tax, social security and other government revenues, with single windows paying for themselves in two to three years from additional fee generation alone
- Greater formal sector employment opportunities
- Better data on the business sector, enabling more targeted and inclusive policies, particularly if cross-referenced with tax and social security data
- A more client-friendly approach in government administration
- Enhanced trade and development, through the use of digital information portals for importers and exporters

Impact measurements of selected projects after the implementation of online single windows for business and investment facilitation show positive effects on the participation of women and young people in the economy.

Impact on women:

- In Benin, one third of business owners registering online are women.
- In Bhutan, 52 per cent of those applying to register their companies are women.
- In El Salvador, 56 per cent of business owners registering online are women.
- In Lesotho, before online registration was possible, women held 26 per cent of business permits. Afterward, that figure rose to 34 per cent.

Impact on young people:

- In Benin, registration by young people (age 18–30) increased 181 per cent in the first two years of operation.
- In Mali, registration by young people increased 263 per cent after implementation.

Source: UNCTAD.



The sustainable development impact of business and investment facilitation measures is also often more tangible through their effect on domestic businesses and MSMEs. The effect on formalization rates is significant, which contributes to domestic resource mobilization. There can also be positive effects on participation rates for women and vulnerable groups in the economy, and for rural populations, owing to easier access to information through remote access to government services.

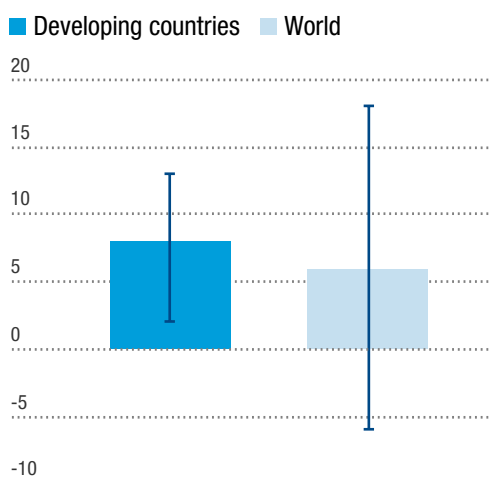
Finally, the analysis for this report empirically evaluated the influence of the quality of online business registration portals on FDI inflows in a cross-country data regression model. Each additional point in the GER score is associated with 8 per cent more FDI. The effect is stronger for developing than for developed countries, presumably because of higher marginal gains in governance and institutional quality.

These results are corroborated by other studies, which consistently find a positive correlation between a favourable business environment and FDI inflows. For instance, a unit increase in the (now defunct) Doing Business rankings leads to higher FDI inflows, by \$300 million (Jayasuriya, 2011); moving 1 percentage point closer to the frontier regulatory environment is associated with an increase in annual FDI of between \$250 million and \$500 million (Anderson and Gonzalez, 2013). More recent studies suggest that a reduction in procedural complexity in countries leads to higher FDI inflows of about 4 per cent within the first two years following the implementation of digital tools (e.g. World Bank, 2017). These findings highlight the importance of streamlined administrative processes in attracting investment.

Empirical analyses specifically focusing on digital government find that accessibility to government information and services online, as measured by the eGovernment Survey Index of UN DESA, is associated with about a 2 per cent increase in FDI per capita inflows, on average (e.g. Al-Sadiq, 2021). The positive relationship between online digital government tools and FDI is attributed to streamlined procedures, enhanced access to information, improved government efficiency, reduced corruption, and cost-saving mechanisms facilitated by service consolidation on unified platforms (Lögün, 2020; Máchová et al., 2018; Al-Sadiq, 2021).

Figure IV.17 Higher-quality digital investment facilitation is associated with more investment

Impact of gains in GER ratings on inflows, average 2021–2023 (Percentage)



Sources: UNCTAD for FDI inflows, UNCTADstat for GDP data and GER.co for ratings.

Notes: Depicts the marginal effects (semi-elasticities) of higher quality of information portals and single windows on FDI inflows. Vertical lines represent confidence intervals at the 90 per cent level. Predictions based on an ordinary least squares cross-country model, with robust standard errors. The independent variable is the average rating between information portals and single windows in 2024 (or latest available); controls include population (2021), GDP (2021) and development status.

E. From online business facilitation to digital government

The basic architecture of digital government solutions for businesses and investors is fundamentally the same across many types of services. Thus, expanding their scope to cover more services helps capture economies of scale and scope. Effective implementation requires accurate documentation and thorough simplification of procedures, and a focus on putting in place enabling legislation rather than reforming the laws underpinning the procedures. For developing countries, using digital business and investment facilitation to strengthen public administration more broadly is an important opportunity.

1. The basic architecture of digital government services

Investment operations encompass a range of administrative requirements, including company registration, obtaining various licences and permits (such as investment, business activity, environmental and building permits), property acquisition registration, compliance with social security, pension schemes and tax obligations at both national and local levels (UNCTAD, 2023e).

The administrative processes associated with these obligations all follow a similar pattern. Investors submit the necessary data, documents and payments to one or more administrative bodies. The application file is reviewed by the respective administrations. Upon approval, the data provided is recorded in a registry, and a formal certificate – whether called a licence, permit, registration, declaration or authorization – is issued.

The application file consistently comprises three fundamental elements: data (entered on a form), documents (such as proof of registration in other registries, identity cards and authorizations) and payment. The

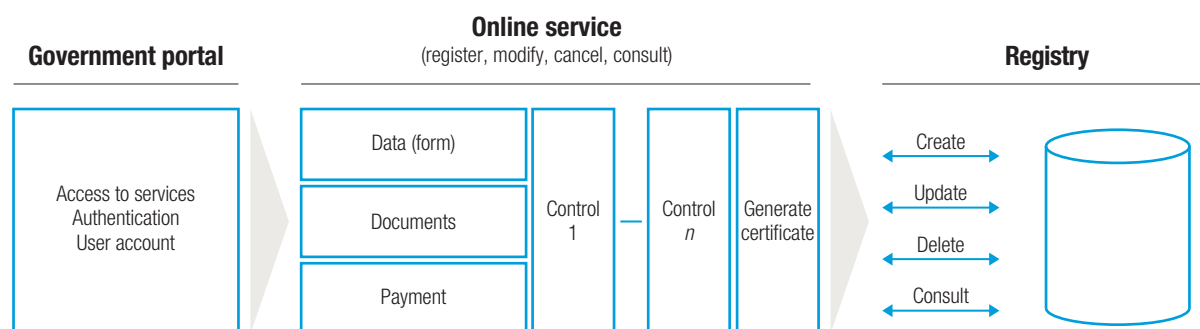
processing involves a varying number of operators within the authorizing entity that assess the file until it is either approved, rejected or returned for correction or requests for additional information. The registry where the information is stored can take various forms, ranging from a physical logbook to a spreadsheet or an online database. Building on this standard administrative pattern, the basic architecture of digital government services mirrors the sequence of steps through a series of online interactions (figure IV.18).

An online service is a succession of screens and actions through which the applicant can complete a form, upload the necessary documents, make a payment, and submit the application. Subsequently, one or more operators review the application file, deciding to either approve or reject it. Once approved, the applicant's data are transmitted to an online registry, and a digital registration certificate is issued.

Once the application – a platform or interface – has been put in place to manage



Figure IV.18
Basic architecture of digital government service



Source: UNCTAD.

interactions with users, the processing components that constitute the actual service have been developed, and a database or registry has been created to manage a particular service such as the registration of a company name, services can be added with essentially the same tools. A single service such as business registration will usually already comprise a “family” of services or multiple versions of itself for different types of legal entities, such as sole traders, limited liability companies, and branches or subsidiaries of foreign firms. But services can equally be extended to other areas, such as construction permits, operating licences or obtaining social security or tax registration numbers.

Digital government services are often developed through a series of evolutionary steps. Initially, each government agency tends to develop its own digital services independently, leading to a collection of uncoordinated processes. This fragmentation forces users to interact separately with each agency, inputting the same information multiple times. Such set-ups lead to discrepancies in user data across different registries, as updates in one are not reflected in others. If an agency requires verification of a permit from another, it typically requests a physical copy from the user.

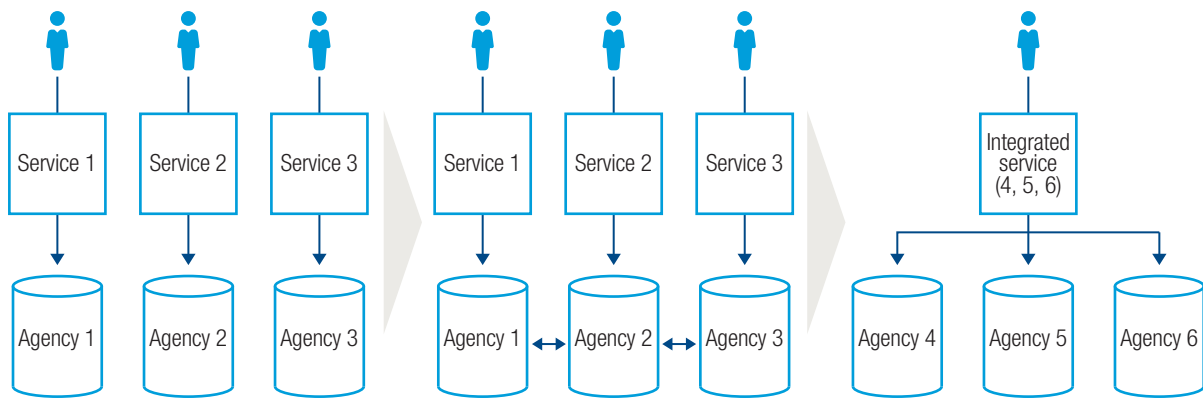
To improve efficiency, some systems allow agencies to share applicant data among themselves; an example is X-Road in Estonia.⁶ While this reduces redundancy – applicants do not need to provide the same information multiple times – it still requires them to initiate applications with each agency separately. This model enhances the user experience and ensures data quality but depends heavily on inter-agency cooperation, which can be a limiting factor.

An integrated services approach further consolidates the user experience by enabling applicants to interact simultaneously with multiple agencies through a single service. Applicants fill out one form, upload documents once and make a single payment, even as their applications are processed separately by each relevant agency. In this system, which ensures data consistency, agencies interact seamlessly and offer a unified service to the applicant, but they continue to operate independently.

A new approach that holds promise for the future is a fully user-centric model in which the applicant is placed at the centre of public administration (figure IV.19). All personal and official data, such as registrations and permits, are consolidated in an online “safebox” that is accessible to any government agency the user has dealings with. This fundamentally changes how data

⁶ See <https://e-estonia.com/solutions/x-road-interopability-services/x-road>.

Figure IV.19
Evolution of digital government services



Source: UNCTAD.

are managed, by eliminating the need for applicants to submit data or documents multiple times. Instead, applicants simply grant agencies access to their safebox, where all required information is stored and continually updated. Rather than issuing traditional certificates, agencies validate the data directly within the safebox, streamlining processes and ensuring that all information remains accurate and current. Several novel technologies are being developed to bring the user-centric model closer to reality, such as systems that allow users to manage access and usage permissions for

their data, and blockchain-enabled verifiable credentials to improve data security.

Looking at these advanced models and configurations is especially helpful for countries that are at the early stages of developing digital government, those that have relatively few legacy systems in place with limited sunk costs, and those where basic services in support of business entities of any size can make an immediate and sizeable difference in the quality of public administration and the ease of doing business.

2. Effective implementation

Facilitation is fundamentally about simplifying compliance. It ensures that administrative procedures are transparent, clearly understood and designed to require minimal effort from users. The adoption of good business and investment facilitation practices demands a significant shift in mindset within public agencies – from a traditional focus on control and enforcement, which primarily aims to prevent fraud and detect violations, to a supportive role that helps firms meet administrative requirements.

The initial step involves first acknowledging that administrative procedures pose challenges for firms – whether foreign or local, large or small – and then conducting an uncompromising analysis of the underlying causes. The root causes of administrative complexity are mostly not in the rules but in the way they are applied. Rules can be interpreted differently by different parts and levels of government. Procedures will vary across different agencies and local authorities. They evolve over time depending on the risk aversity and control mindset of

individual civil servants, or in reaction to occasional instances of malfunction or malfeasance. The design of procedures to implement rules often prioritizes form over substance, causing them, over time, to depart from the original intent of the rule.

It is therefore important to differentiate between administrative procedures – which include the interactions, forms, information and payments demanded by administrations to enforce laws – and the actual laws they aim to implement. Typically, administrative procedures are more complex than the laws they are based on, often incorporating unnecessary conditions and delays. Streamlining administrative procedures, in the vast majority of cases, does not necessitate changes to the law. It mostly represents a more efficient and effective application of the law.

From a practical perspective, the implementation of digital government services involves three main steps: (1) accurate documentation of the procedure that is to be brought online in its existing form; (2) design of the online service, including, where possible, the streamlining of the procedure; and (3) implementation of the online service.

Documentation of the procedure for which the digital government solution is being developed requires the involvement of administrative officers from the entities involved in the relevant registration or authorization processes. It does not require any technical expertise on information technology (IT) or online systems. Instead, it requires detailed knowledge of the step-by-step process that the user of the service needs to follow to obtain the desired certification. The result should be a breakdown of the steps, and for each step a detailed mapping including the entity with which each transaction takes place, the requirements for each transaction (e.g. information to provide, documents to submit, fees to pay), the possible scenarios that follow (e.g. further information or documents needed, referrals to other entities), the

results of the transaction (e.g. rejections, certifications), possible complaints or recourse procedures, and the legal basis for each transaction and administrative requirement. The latter element is needed to distinguish between the requirements and controls actually required by the law and those that have been added over time by implementing agencies, as well as to identify discretionary aspects of procedures.

The administrative officers responsible for providing the service will be familiar with individual procedures, yet they may be limited in their ability to oversee the complete process from the user's perspective. Very often, only after a detailed mapping of the process does it become clear that the process has many unnecessary complexities, redundancies and overlaps, such as the need to visit the same entities in different steps or the need to supply the same information or document multiple times. Officers may also not be trained in process documentation techniques; an important part of capacity-building programmes in this area is not about IT, but about process mapping and design.

Design of the online service is still not driven primarily by IT, although it is important to involve project managers who are used to translating rules and administrative requirements into “code” – logical instructions that cover every eventuality of the transactions involved (box IV.11).

A service is usually not designed to exactly mirror the physical procedure, because the inefficiencies identified during the documentation process can be reduced through a process of streamlining. Simplification means focusing on those requirements and controls that are required by the law, minimizing information and documentation required at each step, and regrouping or resequencing steps. Ultimately, the design of the online service involves creating a database by defining exactly what fields of data are required, designing the user form and document upload page, creating approval roles for administrative officers and integrating





Box IV.11

Bhutan: Empowering civil servants to design their own digital services

In 2021, the Government of Bhutan introduced a groundbreaking government-to-business digital portal specifically tailored for cottage and small industries, using the customizable digital platform of UNCTAD. This initiative targets firms valued at less than \$14,000, which represent 95 per cent of the country's economy.

The process is streamlined and user-friendly: entrepreneurs can complete a simple form on a mobile phones and receive all necessary registration documents instantly and free of charge. The impact was significant: in 2022, about 1 per cent of the population, or 5,500 people, used the service to register a business. This marked a threefold increase in the registration rate, with women making up 52 per cent of the new users. This surge reflected a significant transformation in public administration and set a benchmark for digital government worldwide.

The platform empowers civil servants who, after initial training, can independently customize the digital platform to add online services. These services now encompass a wide array that includes bus service permits, drone flying authorizations and industrial park leases. This approach helps civil servants empathize with users, enhancing their understanding of potential bottlenecks and frustrations in the process.

The Government plans to expand the platform over the next two years to include all permits, authorizations and procedures. The system could extend to encompass all government departments, allowing civil servants to shift their focus towards more strategic tasks by alleviating administrative burdens. This strategic development has boosted economic diversification and new businesses, tripling formal employment opportunities, demonstrating the impact of digital transformation on economic growth and public administration efficiency.

Source: UNCTAD. See also <https://unctad.org/news/bhutans-entrepreneurs-can-now-open-business-under-minute>.

online payment (often using a commercial provider of online payment services).

Implementation of the online service involves not only the installation of the technical elements of the system – through either physical servers or cloud-based providers – but various other aspects, including the management of the transition process, with each entity responsible for the relevant registrations or authorizations, the training of operators in charge of approvals or controls, and others who will assist the public or staff call centres, the testing of the system using real cases and focus groups, and a communication campaign. Institutional capacity-building, both on the service documentation and design process and, subsequently, on the operation of the system, is crucial to ensure continued service development and the gradual expansion of digital government to cover all services to business.

In this process, effective communication on the positive impact of digital investment facilitation is crucial to maximize buy-in from implementing agencies and to overcome resistance. In Benin, the tripling of business creation also tripled fee income, generating more jobs for government workers (box IV.12). In Lesotho, staff using a digital business licensing system reported greater satisfaction as their role shifted from processing forms to advising clients. In Bhutan, government staff involvement in developing new online services expanded their skills and responsibilities, providing additional motivation. Digital tools, by better capturing data on business creation, including user demographics, enable policymakers to understand the impact of investment facilitation, measure effects on communities and ensure inclusivity.





Box IV.12

Benin: Using digital government to promote sustainable impact and inclusivity

Since 2020, the Investment and Export Promotion Agency of Benin has used the digital government platform of UNCTAD to streamline the registration process for foreign and domestic companies. It allows businesses to handle all registration steps, including for tax and social security, from a mobile phone. Users fill in one form, scan and upload documents, and pay with a credit card or mobile money, reducing the time required from five days to just two hours.

The implementation of the digital platform (monentreprise.bj) nearly tripled the number of business registrations. Notably, a third of these new business owners are women, half are under age 30 and half are located in rural areas, indicating broad demographic reach. Interviews with users revealed that the system not only facilitates business creation but also helps in business formalization. Formalized businesses report greater ease in hiring qualified staff, accessing credit, obtaining insurance, receiving formal training and exporting to members of the West African Monetary Union. The revenue generated from the increased number of registrations has provided the Agency with additional funds. These funds have been used to expand staff, enhance outreach to entrepreneurs and invest further in improving the system, fostering a sustainable impact and inclusivity in the country's business environment.

Source: UNCTAD. See also <https://www.gouv.bj/article/512/lapiex-lance-monentreprise.bj>.

3. Connecting with wider digital government

The prevailing guidance on digital government implementation favours a centrally driven approach based on a national digital government strategy and supported by a digital government authority or unit. For example, the Recommendation of the Council on Digital Government Strategies of the OECD (2024) recommends the development of a digital government strategy aligned with other sectoral strategies; government-wide coordination mechanisms; development of digital skills, job profiles, technologies, contracts and inter-agency agreements; and review of legal and regulatory frameworks. A World Bank (2016) report, which notes that 30 per cent of digital government projects fail and that only 20 per cent are considered successful, explains that this imbalance is due not only to technical issues such as inadequate infrastructure, interoperability and cybersecurity risks, but also to policies, legal frameworks and institutional factors. The e-Government Survey of UN DESA (2022) measures factors such as the presence of legal and institutional frameworks as the basis for effective implementation. Technical assistance

and capacity-building by development agencies generally provide overarching assessments of digital government readiness and associated policy advice.

Several practical experiences illustrate how central steering can be important:

- Digital government strategies. Successful digital initiatives are often underpinned by a comprehensive strategy. Bhutan and Uruguay exemplify this approach, with their strategic frameworks for digitalization. Bhutan launched its eGovernment Master Plan in 2014, and Uruguay initiated its digital agenda with an eGovernment section in 2007, culminating in 2021 in the Plan de Gobierno Digital 2025.
- Digital government entity. The creation of institutions to manage and coordinate digital strategies can provide valuable steering. In Benin, the consolidation of digital strategy entities into the Agency for Information Systems and Digital in 2022 and in Uruguay the establishment of the Agency for Digital Government, Information Society and Knowledge in 2005 are notable examples.



- Legal and regulatory framework. The development of effective digital services can be accelerated by enabling legislation in such areas as personal data protection, digital payments, e-signatures and digital identities. The Digital Code (2018) of Benin and the National Digital Agenda of El Salvador are examples of comprehensive legal frameworks that support digital strategies, cybersecurity and regulatory needs in the digital domain.
- Stakeholder engagement and communication. Successful digital government initiatives require effective stakeholder engagement, communication strategies and initiatives to build trust to foster adoption. In Rwanda, the introduction of a law that ensures data protection, coupled with educational and awareness initiatives, has been credited by the Minister of Information and Communications Technology and Innovation for a 30 per cent increase in adoption of the e-Government platform.

Central steering and support for the roll-out of digital government are important and help push the necessary enabling legislation, budget support and broad-based stakeholder engagement, yet it can

also lead to complex, costly and lengthy implementation programmes. The basic architecture of online services and the tenets of effective implementation suggest that there is a complementary approach that can be used in parallel with or even in anticipation of major centralized efforts. This approach is particularly helpful for developing countries that are still in the early stages of government digitalization and that lack the significant resources required for centralized digitalization projects.

A bottom-up approach, starting from basic services for business – usually the first government services to be digitalized – and gradually expanding to adjacent policy areas, has several benefits. It can begin in one or very few public sector entities, does not necessarily depend on major legislative interventions, is relatively low cost and adds immediate value to users and revenue-generating potential for government. Such a bottom-up approach can be an integral part of a wider digital government strategy, as a “sandbox” approach in which new digitalization initiatives are rolled out for a clearly delimited administrative process before expanding to broader applications. It allows agencies or subnational entities with higher levels of capacity or a higher state of readiness to race ahead (box IV.13).



Box IV.13

Togo: Digital investment facilitation by subnational authorities: special economic zones

In Togo, digital transformation has significantly enhanced FDI attraction efforts. Launched in 2022, the first phase of the country's investment portal (investirautogo.tg) offers a comprehensive online information service. Managed by the Investment Promotion and Free Zone Agency, the portal provides detailed guidance on administrative procedures to start and operate a business. It covers nearly 40 procedures and outlines more than 150 formalities. It also provides contact points for investors who need assistance. It was used by 13,000 investors in 2023. The portal is part of a collaboration between the United Nations Development Programme and UNCTAD, begun at the Government's request and coordinated with the Togo Digital Agency.

The second phase, planned for launch in 2024, is a digital investment window for the Port of Lomé SEZ. It will facilitate the digitalization of processes such as authorization requests, employee exemption from social charges and vehicle registration. Expansion into the SEZ underscores the comprehensive involvement of national institutions in investment facilitation, extending beyond the traditional scope of IPAs.

Source: UNCTAD. See also <https://investirautogo.tg>.



Implementing agencies can very often achieve much independently of Government-wide efforts or major legislative reform programmes. A balance must be found between the need for overarching strategies and institutions and practical implementation requirements.

As noted earlier, digitizing administrative procedures mostly does not require significant changes in laws. This does not mean that no legislative action is needed to support the development of digital government. However, the emphasis should be on enabling legislation rather than on substantive laws underpinning the administrative procedures. And while comprehensive legal frameworks govern personal data protection, digital payments, e-signatures and digital identities, basic reforms of mundane bureaucratic requirements enabling, for example, the acceptance of electronic copies of documents, are often sufficient to allow agencies to proceed with the implementation of digital services.

Similarly, while the whole-of-government approach that is usually advocated should be the ultimate goal for the roll-out of digital government, it has clear drawbacks for the pace of development of individual services. Different institutions tend to operate at different speeds and find themselves at different stages of readiness. Centrally steered programmes that aim to bring along all public institutions and agencies can miss out on opportunities to develop individual services more quickly with a limited number of first-mover entities (ITU and UNDP, 2023).

The bottom-up approach defines a limited initial project scope and digitalizes one process at a time without necessarily waiting for lengthy, government-wide reviews of strategy, legality or IT that risk being divorced from the reality faced by front-line agencies and service staff. It helps minimize resistance and builds momentum for broader digital

transformation at a relatively low monetary and political cost. It is an approach that learns from the failures of approaches in many countries by encouraging agencies with innovative mindsets to take the first steps, with others joining as the advantages of digitalization become clear.

There is significant scope to expand the array of services on digital government platforms once the core business and investment facilitation services (registration, tax, social security and operating licences) are covered. Using the online single window platform developed by UNCTAD, El Salvador has added services for the filing of accounts, to support MSMEs not only in the process of becoming formal but also in the effort to stay formal (which requires filing periodic accounts and paying taxes) (box IV.14). Mali is developing a system to speed up approval processes for new pharmaceutical products to streamline the market for essential medicines (box IV.15). And Colombia is piloting an emissions registry to allow firms to calculate and report emissions in compliance with local legislation developed to meet commitments under the Paris Agreement (box IV.16). Adding services in such specific areas or for sector-specific procedures can thus help strengthen the sustainable development impact of digital business and investment facilitation efforts.

Digital government solutions obviously also extend to trade, as observed earlier. The ASYCUDA programme of UNCTAD has a long track record of implementing online single windows for clearance of foreign trade procedures (box IV.17). Similar effects of economies of scale and scope can be observed in trade portals, which aim to incorporate as many relevant procedures as possible. However, compared with business and investment facilitation portals, trade portals are more difficult to envisage as a basis for wider digital government expansion because of the narrower scope of services and institutions they involve.





Box IV.14

El Salvador: Expanding the scope of digital services for business: supporting MSME formalization

In 2018, UNCTAD and the Government of El Salvador launched a digital single window for MSMEs (miempresagob.gob.sv), allowing them to register online with simplified procedures. An important objective was to reduce informality. Entrepreneurs can register simultaneously with the ministries of finance, labour and commerce, and the municipality. This automates what were previously 12 separate registrations. The system also integrates an online accounting tool that supports the filing of annual accounts and can generate six-month tax and social security filings as well as 11 annual filings. The purpose of these supporting tools is to help businesses become formal and remain formal – which requires periodic filings.

Many MSMEs are subsistence enterprises or sole traders, in the informal sector. Registrations at the National Commission for Micro and Small Businesses increased significantly in 2020 and afterward, especially in the most fragile categories. This translated to a steep rise in the numbers of entrepreneurs (+74 per cent) and MSMEs (+63 per cent) registered for social security in 2021. More than half of these companies were women owned. Their access to enterprise loans and safety nets critically contributed to the resilience of the private sector in the pandemic.

Source: UNCTAD. See also <https://miempresagob.gob.sv>.



Box IV.15

Mali: Expanding the scope of digital services for business: pharmaceutical approval processes

In November 2023, Mali launched a pioneering online pharmaceutical registry, developed in collaboration with UNCTAD, the Ministry of Health of Mali and the country's National Pharmaceutical Association. This initiative was spurred by the urgent need for pandemic preparedness underscored by the COVID-19 crisis and aims to address major health challenges for the country's predominantly young population.

The digital registry is designed to enhance the efficiency of the marketing authorization process and ensure the safety and quality of medicines. It will improve transparency and traceability, optimize resource use, support the growth of the local pharmaceutical industry and combat counterfeiting. According to the United Nations Office on Drugs and Crime (2023), up to half of the pharmaceuticals in Mali are counterfeit or improperly distributed, emphasizing the need for this system.

The online registry will enable pharmaceutical importers, producers and distributors, along with the Government, to address supply chain delays and fraud more effectively. This improvement in transparency and accessibility is expected to streamline the distribution of medicines and vaccinations. Currently, the approval process for importing, distributing or producing medicines is hindered by bureaucratic delays, often taking up to 18 months owing to reliance on paper documentation and the requirement for a salaried representative's physical presence. The new system will reduce the approval time to three months.

At present, the system allows online registration of pharmaceutical stakeholders and helps medical authorities monitor the entry, production and distribution of products. It also aids in the identification of obsolete and unauthorized items and provides data on the locations of products and the needs for them across various medical facilities. Although still in its pilot phase, digitalization of this registry holds promise for replication and scaling in other developing countries, potentially transforming health care delivery and management.

Source: UNCTAD. See also <https://unctad.org/news/magic-malis-digital-pharmaceutical-registry>.



 **Box IV.16**

Colombia: Expanding the scope of digital services for business: reporting carbon emissions

In 2023, the Colombian Ministry of Environment, in collaboration with UNCTAD, initiated the development of a digital platform that will allow businesses to report their carbon emissions annually and obtain necessary certifications, supporting the country's commitment to the Paris Agreement objectives.

The registry is set to launch in the latter half of 2024, after final adjustments to the prototype, which was presented at the World Investment Forum of UNCTAD in October 2023. It integrates a user-friendly emissions calculator and complies with the standards of the Intergovernmental Panel on Climate Change, ensuring that it is both comprehensive and accessible for companies that are required to report their emissions. It is designed to prepare Colombia for upcoming global carbon pricing and tax measures, including the Carbon Border Adjustment Mechanism of the European Union.

The platform will be expanded with online services for environmental impact assessment certificates, in an aim to streamline the application and review process, which is often criticized for its inefficiency and lack of transparency. These assessments are crucial for many sectors in Colombia, in particular construction. In addition, a digital registry for green business certificates is being considered. This system would enable companies to evaluate their environmental practices against regional standards and qualify for "green business" status, which provides benefit from various incentives. These digital innovations not only position Colombia as a leader in environmental digitalization but also serve as potential models for other countries with similar environmental and climate legislation.

Source: UNCTAD. See also <https://unctad.org/news/un-digital-government-awards-celebrate-excellence-online-public-services>.

 **Box IV.17**

ASYCUDA: Online single windows for trade

Since 2012, the ASYCUDA (Automated System for Customs Data) Programme of UNCTAD has partnered with governments and international organizations to design, develop and implement an integrated platform for international trade. It allows all stakeholders to process clearance of trade procedures, including by submitting permit and licence applications online, while also improving information sharing between partner government agencies and traders – aligning with Recommendation 33 of the United Nations Economic Commission for Europe on single windows and trade facilitation. Electronic single windows for trade are one of the most effective measures to enhance trade facilitation in a country, underscored by their inclusion in the WTO Trade Facilitation Agreement.

By digitally connecting partner government agencies, an ASYCUDA single window simplifies trade, reduces clearance times and trade costs, ensures transparent and uniform application of duties and taxes, maximizes government revenue, helps combat corruption and ensures compliance with standards for public health and safety. ASYCUDA-based electronic single windows are active or being implemented in 13 countries (Barbados, Burundi, the Comoros, Jamaica, Kazakhstan, Rwanda, Saint Vincent and the Grenadines, Sao Tome and Principe, Timor-Leste, Turkmenistan, Uganda, Vanuatu and Zimbabwe).

In 2023 UNCTAD published *Roadmap for Building a Trade Single Window*, which shares experience, expertise and recommendations in a blueprint for designing and implementing tailored, single windows that comply with national, regional and international requirements. It is being used as a source by the World Customs Organization as it updates its Single Window Compendium.

Sources: UNCTAD and UNCTAD (2023b). See also <https://asycuda.org/en/#> and https://unece.org/sites/default/files/2023-10/Rec33_ECE-TRADE-352-Rev1E.pdf.



F. Conclusions and policy implications

Governance and institutional weaknesses have consistently featured in research and investor surveys as key challenges to the attraction of investment in sustainable development. Digital government contributes to good governance and stronger institutions. Online tools for business and investment facilitation have proven to be a good starting point for the broader implementation of digital government. Digital facilitation of business and investment is thus a key step in developing broader digital government services and, indirectly, a key pillar of the promotion of investment in sustainable development.

Investment facilitation is top of mind for policymakers worldwide. Investment policy measures of national governments aimed at facilitating the establishment and operations of foreign investors have rapidly increased in number since the launch of the UNCTAD Action Menu in 2016 – they now make up 40 per cent of measures favourable to investors. Recent agreements at the bilateral, regional and international levels more often include provisions on facilitation, and the recently finalized IFD agreement may provide further impetus for action by national policymakers and treaty negotiators.

As discussed in this chapter, international agreements can be catalysts not only for investment facilitation but also for digital tools for that purpose. In its support to discussions on international policy instruments, UNCTAD has consistently emphasized the need to focus the implementation of investment facilitation in developing countries on measures with the highest rate of return. While investment facilitation provisions can cover many issues, including dispute prevention, focal points and collaborative initiatives, the most cost-effective and impactful ones revolve around information provision,

transparency of rules and regulations, and streamlining of administrative procedures through digital government tools. That is because they are important all the time (not just on an occasional or project basis), they benefit all firms (large and small, foreign and local) and they can cover all necessary processes for business establishment and operation (not just procedures specific to foreign investment).

Developing countries can be at an advantage in establishing digital government tools for business and investment facilitation. They have fewer legacy systems to integrate and can adopt the latest solutions. A smaller number of institutions and decision-makers can also support faster implementation. The evidence in this chapter confirms that there is a leapfrogging opportunity; some of the lowest-income countries have created online facilitation platforms that can compete with the best. However, the development of most of these platforms has required technical assistance and support. Importantly, the IFD agreement and other international cooperation agreements on investment aim to accelerate support to developing countries for the implementation of investment facilitation mechanisms. Such

Digital investment facilitation measures are valuable **all the time, for all firms, in all processes**



support should focus in large part on the development of digital government solutions.

Governments should adopt a comprehensive approach to digital investment facilitation, avoiding dedicated processes solely for investment authorization. Investors are not helped by smooth investment approval processes if subsequent procedures to establish their business operations remain inefficient. Governments should progressively incorporate all or most procedures and services required by both foreign and local businesses, such as business registration, tax and social security registration, licensing and other essential services. This approach enables Governments to harness the full potential of digitalization and to capture economies of scale and scope from the implementation of digital platforms.

But there is no reason to stop at the core mandatory procedures for business establishment. Countless other administrative procedures affecting business operations may be sector specific or motivated by policy concerns ranging from the environment, to health and safety, to labour and social issues. The digital government tools that are central to effective and efficient implementation of business and investment facilitation initiatives can serve as a foundation for broader digital government adoption, making them a significant step towards modernizing governance and administrative processes.

As noted in this chapter, digital investment tools strengthen governance, enhance transparency and lead to more efficient administration. Their application more generally across government can further improve the attractiveness of countries to both foreign and local investors. The return on investment to governments from setting up a digital platform for investment facilitation is maximized when more procedures are covered. Once a digital business registry is established and firms have a verifiable online identity, governments can relatively easily extend online services

to licences (sectoral, import-export), permits (construction, environmental), taxes (registration, filing, payment), social security (employer-employee registration, filing and payment), land transactions, health and safety certifications, sector-specific procedures such as pharmaceutical approval processes, and carbon registries. In that way, digital business and investment facilitation becomes a stepping stone to wider digital government.

The digital government platform of UNCTAD includes a suite of tools and technical assistance products aimed at supporting developing countries in meeting their investment facilitation commitments.

They include information portals, online single windows and regional investment facilitation monitors specifically tailored for business and investment facilitation. Acknowledged by the Donor Committee for Enterprise Development as exemplars of good practice, these tools have garnered widespread attention, being accessed 6.2 million times in 2023.

The digital single windows developed by UNCTAD can also be extended to other areas of government. From a technical point of view, their cloud-based approach means there is no need for systems integration: new databases can be designed within the same system and application programming interfaces can connect to existing registries. New online services can be created, with civil servants progressively training their colleagues in other agencies to use the system or accessing training at the Digital Government Academy of UNCTAD and the United Nations Institute for Training and Research.

At the request of various Governments, UNCTAD has already started developing digital single windows that go beyond business creation to support business operations, with a specific focus on the Sustainable Development Goals. This effort includes tools to facilitate the licensing of the import, distribution and local production of pharmaceuticals (using

Digital business and investment facilitation tools are **a stepping stone to wider digital government**



Digital business and investment facilitation can **support inclusive and sustainable development**

standards of the World Health Organization), the registration and calculation of carbon emissions to assess nationally determined contributions and to certify carbon credits and debits (following the methodology of the Intergovernmental Panel on Climate Change), tax and social security filings, and the digitalization of extended producer responsibility.

This focus on processes relevant for the Sustainable Development Goals shows how digital business and investment facilitation can be deployed specifically to support sustainable development. Cases discussed in this chapter provide ample evidence of the impact of digital business and investment facilitation on sustainable development and inclusiveness, in particular through rates of participation in the economy of women, youth and rural communities. Even in countries with a significant digital divide, solutions have been found to ensure that population groups with limited access to the Internet or lacking digital skills have reaped the benefits

of digitalization, e.g. through terminals in business registries and municipalities and through dedicated support.

Building on digital business facilitation towards wider implementation of digital government will have an even bigger impact on sustainable development and on investment in the Sustainable Development Goals. There is strong evidence that good governance, transparent rules and regulations, and efficient administrative procedures have a positive impact on FDI. Surveys of investors and IPAs consistently show that governance and institutional weaknesses are at the heart of challenges in attracting investment for sustainable development. By supporting the development of wider digital government applications, technical assistance for business and investment facilitation, including capacity-building initiatives based on international investment policy instruments, has the potential to tackle some of the root causes of the gap in investment for the Sustainable Development Goals.

* * *

UNCTAD has acted as a catalyst for progress on investment facilitation at the national and international levels. It has actively supported individual countries, regional groups and the international community through policy advice, policy guidance and knowledge resources. An important focus of the organization is now on implementation – through technical assistance to Member States on digital investment facilitation. The digital tools

for business and investment facilitation included in the UNCTAD digital government platform are operational in more than 60 countries (and the same tools are used for trade information portals). Looking ahead, UNCTAD will continue to support developing countries and – in collaboration with other international organizations – look for opportunities to maximize the development benefits of digital government solutions by widening their scope of application.



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