Business Facilitation Program

Name: Business Facilitation Program
Organization: United Nations Conference on Trade and Development (UNCTAD)
Year launched: 2002
Countries: 35 countries across all regions
Users: 35 governments

The coordinator of the business facilitation unit, Frank Grozel's interest in informal businesses stemmed from years devoted to understanding and improving the microfinance sector. In the 1990's, he launched UNCTAD's microfinance department. Soon after, he helped to launch the MIX Market, an online platform that organized the world's microfinance data, which was later sold to the World Bank. Frank was also instrumental in launching BlueOrchard, an impact investment firm that primarily invested in microfinance banks. BlueOrchard started as a microfinance fund within UNCTAD and, by 2018, had disbursed over $3 billion to microfinance banks and spawned several other very successful independent investment firms.

With this history of successful intrapreneurial initiatives, in 2002 Frank turned to addressing the regulatory burdens faced by many of these microfinance clients. During his time working with microfinance organizations, he realized that small businesses had difficulty registering for various formal accounts (paying tax, registering their business, etc.) Rules for formalizing these small businesses were not well thought out, not well written, not well applied, and not well known. "People worship regulations," Frank admitted; "The more senseless, the more they worship it."

Each of the problems with formalizing businesses had to be tackled separately. Frank first addressed the problem of poor application: government officials did not always know what processes existed and how complex it actually was to formally set up a business. His goal was to document existing processes, recommend simplifications, and then create an online tool that clearly laid out the steps for both government officials and small businesses to understand and follow.

Working within a fairly small organization (UNCTAD had about 400 staff), Frank began independently, liaising directly with government officials to test the software. He had acquired $300,000 in funding from the World Bank for working on MIX. With part of these funds, he hired software engineers to prototype eRegulations, the first online software tool that would ultimately comprise the suite of business registration simplification tools known as the Business Facilitation Program.

Colombia was the first government to test the program, but Frank stressed that approaching high-level ministers did not work for this kind of project. The Business Facilitation Program approached mid-level management involved in the actual administration of government duties. His goal was to help government officials do their jobs better so that citizens understood that the government was on their side. The Program's work was also to "valorize the work of the public servant," as one staff member explained.
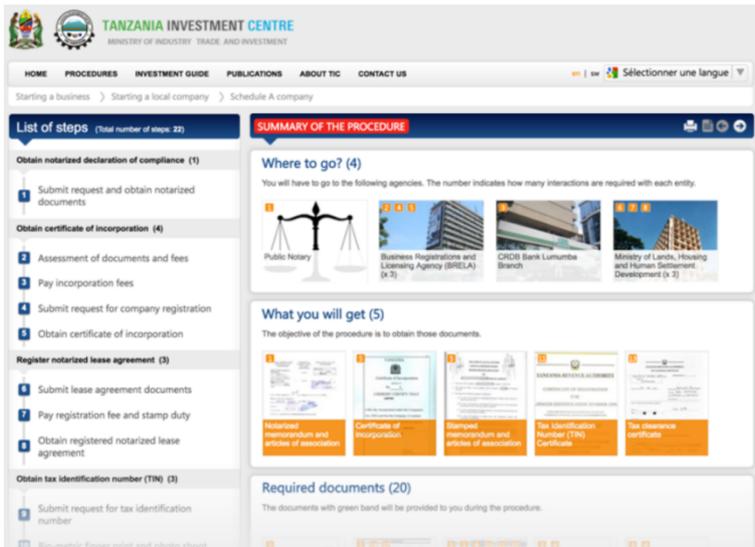
Figure 1: Sample interface of eRegulations in Tanzania

For several months, the program worked with Colombia to document and simplify registration requirements. Each new country required 3-6 months to launch: at the time of this case, there were three tools as part of the Program, addressing each major problem to business registration. eRegulations was a content management system that allowed users to view and understand registration rules for their country, and even live chat with representatives. eSimplifications offered 10 principles of simplification to guide government officials in creating effective policies. And eRegistrations allowed businesses to directly register online through an interactive guide offering step by step assistance and information on how much each part of the process cost.

The Business Facilitation Program was unique in that it had never touched core UNCTAD funding. Frank was a successful fundraiser within UNCTAD and had always been able to find external sources of funding for his innovations. The program, however, went even beyond reliance on external funding. Governments bought the software directly, and the program was fully sustainable. By mid-2018, it was operational in 35 countries across Africa, Asia, Europe, and South America, with nearly 3,000 procedures documented online. It represented an 80% reduction in business registration steps, forms, and documents.

The program scaled effectively and funded its own growth – eliminating many of the internal challenges that arise with funding within a bureaucratic management system. However, the 2018 team of 50 global staff faced problems with traditional mentalities both within UNCTAD and governments that distracted them from finding the real problems. It took serious persistence to keep driving the program forward, zeroing in simply on poorly organized registration rules.

Misunderstanding the concept of "innovation" itself was linked to this tendency to overcomplicate problems according to Frank. He saw innovation as something that was really quite simple to understand and implement. He believed one needed to find the heart of the problem, and just solve it. "The right things are very simple," he explained. "You want to just cook eggs, but if you have 50,000 people cooking eggs and billions of dollars, of course nothing will be done… before cooking eggs, we have to think about the idea of cooking eggs, let's do meetings about cooking eggs, and why don't we innovate and do something else?! And at the end there will be nothing – no eggs." Via the Business Facilitation Program, Frank had attempted to actually just cook those eggs – document, simplify, and streamline regulations – and in doing so had significantly eased the registration process for thousands of small businesses.

Key success factors: true intrapreneur and project champion; external funding and a sustainable model that required $0 from the organization

Key challenge: overcoming the mentality to overcomplicate and over exaggerate the real problem

Summary	Tech		Scale	Partners	Impact	Success Factors	
Set of online tools used to streamline business registration and regulations	MID TECH	**Primary tech used:** Online platform	SCALED	Public sector	SOCIAL MISSION	**Initiative:** Simple, strong project owner	**Organizational:** Dedicated team, executive buy-in