

## ANNEX

### The Case for Leveraging Digital Technology for Improving the Business Climate in Belize

**Pursuing Private Sector Led Development.** Belize's economy contracted by .08% in 2016, reflecting the slowdown in oil production and agriculture (IMF, 2017). The IMF furthermore predicts a weak macroeconomic outlook as public debt remains elevated and projects growth in the medium term to come in just under 2%. In joining with several governments and economists around the world that acknowledge the role economic growth plays in alleviating poverty, the Government of Belize (GOB) has endorsed private sector led growth as a strategy for capitalizing on the private sector's role in investment and job creation. Within the GOB's Horizon 2030 Strategy, for instance, the country is seeking to support economic resilience and job creation through development of the small business sector. Under its Growth and Sustainable Development Strategy (GSDS), necessary conditions for achieving optimal national income and investment include attracting foreign investments, improved competitiveness (including among small firms and traditional sectors) and encouraging technological adaptation and innovation.

In line with the prior, the GOB launched a public-private advisory body in 2011 called the Economic Development Council (EDC). The mandate of the EDC, as outlined by the EDC Act No. 28 of 2017, is to promote a better understanding of business climate issues, foster improvement in the business environment by making recommendations to the Prime Minister and relevant Government Ministries, and to facilitate the implementation of reforms, thereby encouraging development and economic growth. Housed within the Prime Minister's Office, the council in a short period of time has achieved a respectable position both amongst policymakers and the private sector.<sup>1</sup> The EDC is currently leading several reform efforts with the goal to ease doing business. For instance, a consultancy to determine a standard methodology for annual rental value is in progress and is a key input to determine the value of a trade license. The overall goal of the Trade License reform is to increase transparency and uniformity in how these values are determined by respective municipalities. The EDC has also led an initiative that successfully saw a new reform (Belize Building Act Amendment, 2017) passed in July 2017 that clarified the role and jurisdiction of the Central Building Authority and the local Building Units housed within the nine municipalities across Belize. This amendment is a critical success factor for the Building sector reform.

Much remains to do in improving the investment and business climate to support the role of other actors in the start-up and innovation ecosystem for enhancing productivity, competitiveness, and growth of the private sector. Inefficiency in the provision of government services adds to the costs and time of doing business and can impact production and competitiveness. Reengineering and simplifying the processes within the current regulatory framework and with consideration to upcoming legal reforms can tackle inefficiencies and reduce the cost of operations and of doing business in Belize. Technology is a key factor in delivering efficiencies, conviences and enhances the streamlining process<sup>2</sup>.

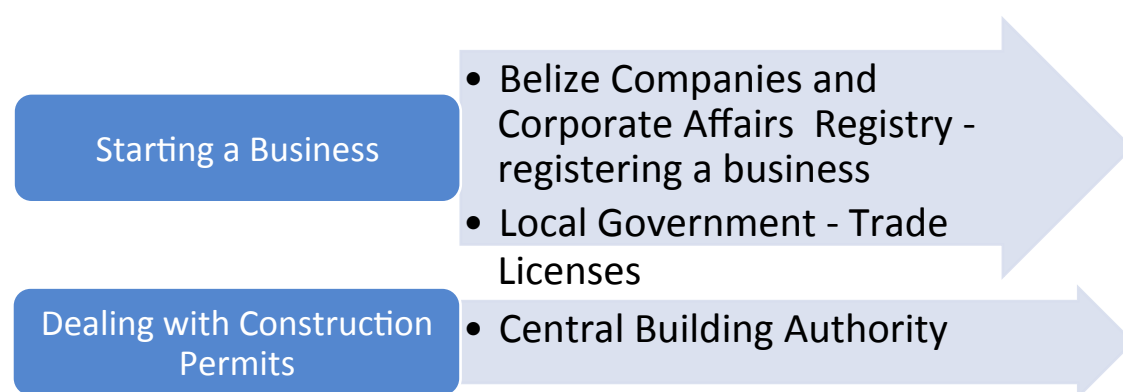
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<sup>1</sup> Greene, S. 2016. BL-CC2037 Project Evaluation Report.

<sup>2</sup> World Bank. 2013. "Reforming Business Registration: A Toolkit for Practitioners". Available at <https://openknowledge.worldbank.org/bitstream/handle/10986/17634/840140WP0Box380usiness0Registration.pdf;sequence=1>

Digital technology, such as application programming interface (API) or blockchain technology, can facilitate end users' access and interface between government entities, remove the need for lengthy travel and submission of paper documents, and improve intra-agency communication thereby reducing the time taken for approval when multiple agencies are involved.

The objective of this document is to build the case for how technology can be leveraged to improve the business and investment climate in Belize in order to support economic growth. The project aims to improve the business climate in Belize. A number of agencies are involved for each process requiring a high level of integration between entities. For each step, there could be numerous internal business processes involved. As such, the project will target one of the two following processes with the ultimate aim of creating a template which could, with mild adjustments, be replicated for other processes thereby maximizing the limited resources under this project for maximum impact. The EDC is leading reform efforts and has gained the commitment of actors important within these business processes. Annex 1 details the number of steps and the corresponding time and costs for (i) starting a business and (ii) obtaining construction permits based on the World Bank's Doing Business Indicators methodology.



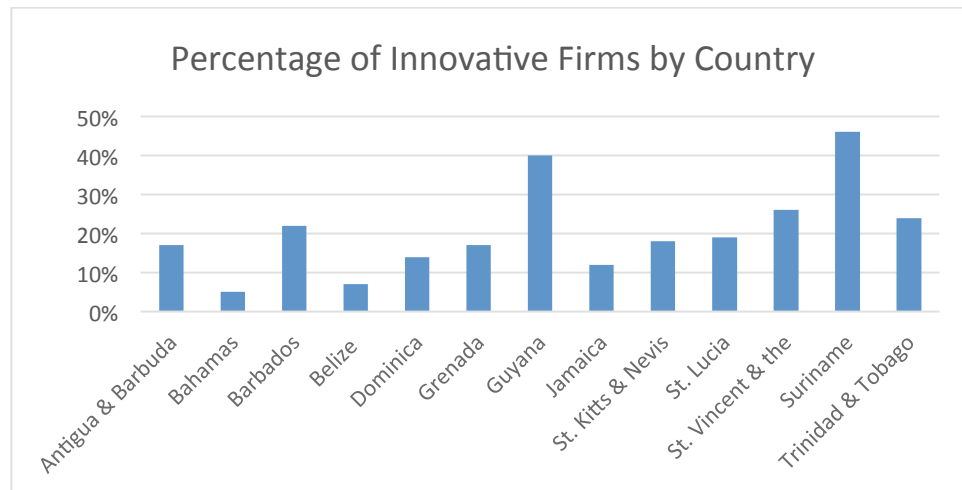
**Constraints to Private Sector Growth.** A small sample of Belizean firms surveyed by Belize's Economic Development Council cited (i) correspondent banking issues, (ii) a poorly structured regulatory environment, and (iii) lack of innovation as the top three factors affecting competitiveness. The concern for the correspondent banking relationships (CBRs) is the financial fragilities which could potentially undermine affected countries' long-run growth and financial inclusion prospects by increasing costs of financial services and negatively affecting bank ratings<sup>3</sup>. Inefficiency in the provision of government services adds to the costs and time of doing business and can impact production and competitiveness. A study on the World Bank's Doing Business Indicators found that each business regulatory reform, on average, is associated to a 0.15% increase in growth rate of GDP.<sup>4</sup> Business regulatory reforms are good for economic growth yet one of the main challenges Belizean firms face is an inadequate business and innovation climate.

The perceived lack of innovation correlates with findings in the PROTEqIN survey. According to the survey, Belize has the second lowest percentage of innovative firms in the region (excluding Haiti and

<sup>3</sup> IMF. 2017. Recent Trends in Correspondent

<sup>4</sup> Haidar, J. I. 2012. "The Impact of Business Regulatory Reforms on Economic Growth". Journal of the Japanese and International Economies 26 (2012) pg 285 – 307. The World Bank, Washington D.C.  
[https://scholar.harvard.edu/files/haidar/files/jjie\\_0.pdf](https://scholar.harvard.edu/files/haidar/files/jjie_0.pdf)

the DR). Belize ranked 102 out of 142 countries in the 2013 Global Innovation Index. Innovation efforts have been linked to improving productivity, a key to variable for long run growth. Supporting an improved innovation ecosystem and promoting the use of innovation policy tools (regulations, economic and financial, or soft instruments<sup>5</sup>) is thus essential for private sector led growth in Belize.<sup>6</sup>



Source: PROTEqIN 2013

A representative sample of Belizean private sector firms surveyed in the 2013 PROTEqIN survey further indicate their greatest obstacles to doing business to be access to finance; crime, theft, and disorder; corruption; and tax rates. There are several factors at play to increasing the access to finance for firms, such as implementing sound accounting practices, creating a secured transactions registry, or sensitizing banks to the unique factors for assessing non-traditional firms. Yet a major first step for accessing finance is for firms become formal through registration. It can be extrapolated from estimates from other Caribbean states, that a sizeable number of firms in Belize are informal<sup>7</sup> and majority of these firms may be women owned or located in rural areas. Simplifying a firm's ability to enter the formal economy can be a major win for improving the business climate for firms and bringing the informal sector into the economy.

According to the PROTEqIN dataset, majority of female owned firms that responded to the survey were located in retail, hotel and restaurants, transport, other manufacturing and food. Though gender disaggregated data and analysis on female owned firms is hard to come by for Belize, women led firms in the Caribbean tend to operate in the retail and services sector, including tourism and may face unique barriers such as family responsibilities, access to financing and mentorship which are further compounded if they are located in rural areas of the country where other factors (that affect men as well) such as poverty, lack of access to reliable electricity, limited market, and lack of access to the internet and other resources further inhibit the growth potential of these women led firms. Data on women led firms is being collected and analyzed under a project within Compete Caribbean that will greatly contribute to sample size determination under this project.

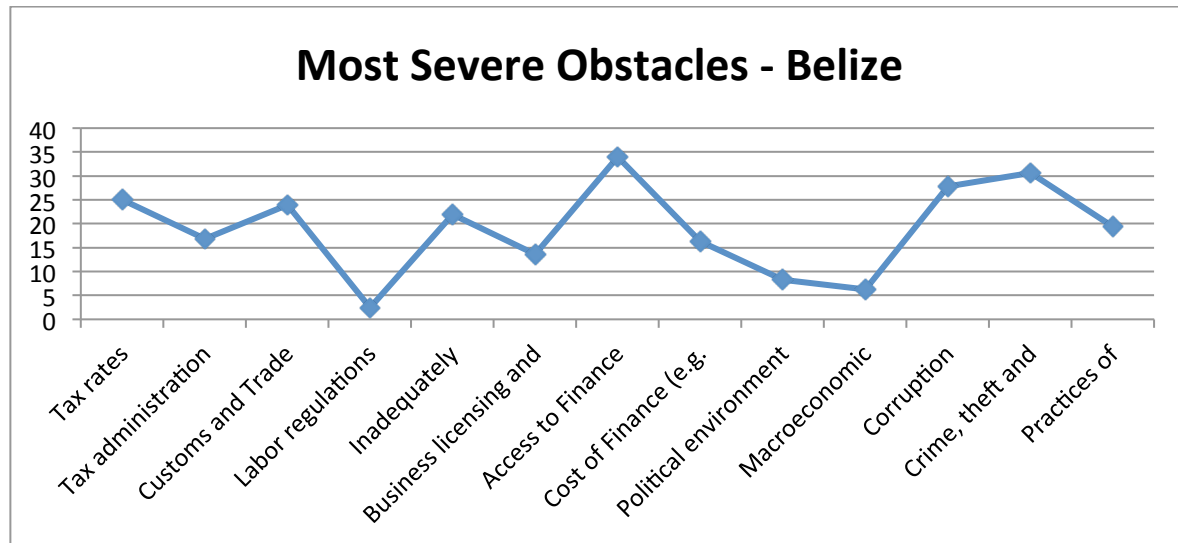
<sup>5</sup> <https://charlesedquist.files.wordpress.com/2015/05/201304-tfsc.pdf>

<sup>6</sup> I pulled this section from an Annex I am finalizing for BL-T1110

<sup>7</sup> Moore finds that in 2011, the informal sector constituted approximately 34.6% of GDP.

Moore, W. and Mapp, T. 2014. "The Informal Economy and Economic Volatility". *Macroeconomics and Finance in Emerging Market Economies*, 8:1-2, 185-200, DOI: [10.1080/17520843.2014.969291](https://doi.org/10.1080/17520843.2014.969291)

As of 2017, according to World Bank database (ILO estimates), women constituted 40% of the labor force with a 53% labor force participation rate (compared to men with a labor for participation rate of 81.2%), faced 17% unemployment (compared to men at 7.4%), and 25.9% considered themselves self-employed (compared to 32.4% self-employed males). As per employment in 2017, 87.2% of women participated in services, 7.8 in industry, and 5% in agriculture. Statistics regarding educational attainment are generally on par with men. The unknown factor is the level of digital skills and knowledge capabilities of the educated.



Source: PROTEqIN 2013

Overall, Belize's performance in the Doing Business (DB) revealed that Belize's ranking dropped by 9 places (112 in 2017 to 121 in 2018) whilst it achieved marginal improvements in its Distance to the Frontier (DTF). In the starting a business indicator, Belize ranks 161 out of 190 economies with a DTF of 73.24. The cost of business start-up procedures and time taken to start a business is the same as men but available data reveal further nuisances. Starting a business for a limited liability company (of at least five shareholders) requires 9 procedures, takes 43 days, and costs 34.6% of income per capita (see the Annex for comparison to other performers and gender disaggregated performance). The number of new limited liability companies had been steadily decreasing since its high of 752 in 2006, but then saw a jump in 2016 where a record 911 new LLCs were formed (see Annex). Despite the prior, the new business density continued to decrease from its high of 4.61 in 2006 to 3.86 in 2016. Furthermore, unemployment increased to 11.1% in 2016 from 10.2% the year prior.

## Belize's Doing Business Ranking, [2017-2013]



Source: World Bank's Doing Business Indicators [2013-2017]

The World Bank's Doing Business (DB) Indicators is a standard global methodology that measures improvements to regulatory burdens and costs and allows for cross-country comparison. It thus provides a signal to Governments of the types of regulatory processes requiring improvements. Yet reform is multi-dimensional and complex. Cross-country rankings inherently miss country-specific nuances<sup>8</sup>. Furthermore, the standard methodology often does not account for the needs of MSMEs. The DB indicators have to be used in conjunction with other analyses to help countries determine the direction, nature, and sequence of reforms<sup>9</sup>. Furthermore, the approach to selecting informants and the diversity and number of these informants, needs to be reviewed.

**Towards A Digital Economy – Supporting E-Government Services in Belize.** According to the World Bank's database, approximately 41.59% of Belize's population uses the internet, 25.6% of households have internet access, and 32% of households access the internet with a computer. 48.9 out of 100 inhabitants have mobile-cellular telephone subscriptions with 30.21 having mobile-broadband subscriptions. A country's ICT infrastructure, computer and internet literacy, internet penetration rate,

<sup>8</sup> World Bank. 2008. "Doing Business: An Independent Evaluation". Available at [http://siteresources.worldbank.org/EXTDOIBUS/Resources/db\\_evaluation.pdf](http://siteresources.worldbank.org/EXTDOIBUS/Resources/db_evaluation.pdf)

<sup>9</sup> Ibid.

and ICT enabled legal framework affect the adoption of digital technologies. There are thus concerns of a growing digital gap between Belize and leading OECD countries that have fully embraced the digital era. Government can play a role preparing and guiding its citizens' access and use of digital technologies.

Belize's ranking on E-Government indicators has been deteriorating over the years. In 2016, Belize ranked 122 out of 193 countries in terms of E-Government and ranked 138 in terms of E-Participation. The project thus supports the country's E-Governance Policy and Strategy (2016-2018) which is being led by Belize's Central Information Technology Office (CITO). CITO is undertaking efforts to modernize the delivery of public services to improve efficiency and effective delivery of public services based on citizen needs through the use of ICT. CITO is working on a Uniform Unique Identifier for tax collection purposes. It is not yet in place and so this consideration must be built into the design.

Belize has been making efforts to modernize its trade regime and customs procedures<sup>10</sup> as evidenced by its implementation of Asycuda World, for setting up a Voluntary Compliance Programme for importers, and for piloting out a virtual license application system. In addition, Belize currently has a well-functioning online tax payment system. In 2015, it was possible for citizens to pay trade license and property taxes online through Atlantic Bank<sup>11</sup>.

In regards to the legal framework, amendments of the Electronic Transaction Act was passed in 2017 to apply to negotiable instruments that are payment instruments under the National Payment System of Belize. The Evidence act was also amended to allow for certain electronic means to be acknowledged as evidence. A data Protection act, Belize Electronic Evidence Act and Belize funds transfer have been drafted and should be passed in 2018 as a part of the E- Governance Strategy.

**Findings.** A total of 16 organizations were interviewed during a mission to Belize held in December 2017 including professional service providers (such as architects, engineers, and lawyers) and business support organizations providing services to small and medium businesses. Ultimately, the findings revealed that integrated systems and data sharing were core missing elements for utilizing technology to improve efficiencies. Government agencies tend to operate in silos with limited communication and sharing of information, which, for certain processes, has led to investors submitting the same set of documents or going back and forth between the internal requirements of agencies. This inefficiency stems from a lack of integration between the systems. Digitization leads to reducing time, cost and errors, increasing accountability, and reducing opportunities for subjectivity. Other general findings include the following.

- **Complexity:** Requirements for certain processes tend to be complex and unclear.
- **Simplification:** Processes, as much as possible, should be simple and easy to understand so that users know the process and know where to go.
- **Data Sharing:** Simplification, when combined with digitization and automation tools, facilitates the sharing of information.
- **Transparency:** Removal of subjectivity reduces error and opportunities for corruption. It also provides clear communication to clients.

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<sup>10</sup> WTO. 2017. Trade Policy Review: Belize. Available at [https://www.wto.org/english/tratop\\_e/tpr\\_e/tp453\\_crc\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp453_crc_e.htm)

<sup>11</sup> BBN. 2015. Belize City Council Introduces Online Payment for Taxes.

<https://www.breakingbelizenews.com/2015/04/01/belize-city-council-introduces-online-payment-taxes/>

- **Predictability:** With simplification and transparency, come greater predictability in the process.
- **Data Security / Integrity:** Giving high priority to data security and integrity establishes trust amongst users.
- **Value for money:** Reduce cost, provide improved customer service, and improve revenues.
- **Identification:** For marginalized groups, addressing the issue of identification and basic documentation is important.

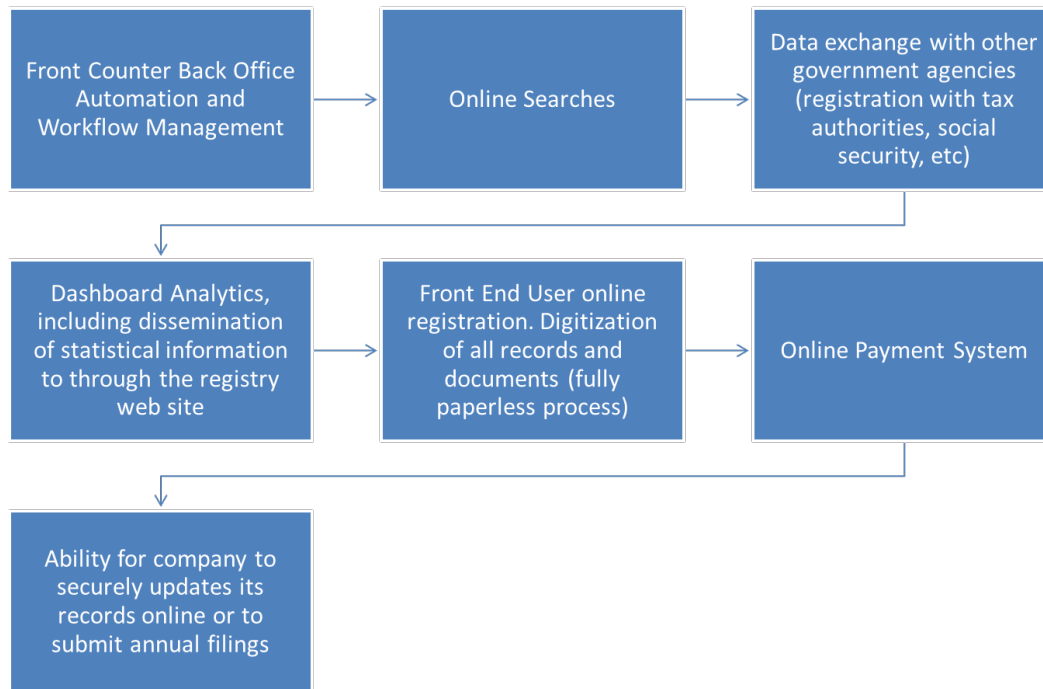
Another important finding when considering inclusion of marginalized groups such as women in rural areas, is that of digital literacy. Rural areas tend to have relatively lower computer literacy rates. A kiosk pilot could tap into partners operating in these rural areas to provide assistance to this target group. In addition, the technology developed should have a mobile friendly user front end interface and if possible, the development of an application may. There is willingness to utilize resources that already go to the rural areas. The Department of Cooperatives indicated their potential willingness to have cooperatives and associations network provide such support. The Ministry of Human Development indicated the same since they have persons who go out to the rural areas. SBDC echoes the prior. Training would be necessary.

Interviews revealed that **all the Belize City Council, the Belize Companies' and Corporate Affairs Registry and the Central Building Authority have some sort of Management Information System (MIS) in place but to different degrees of sophistication and level of use.** What all these systems were missing to be considered truly fully automated, was the front-end user's ability to input data digitally. At this point, applicants still have to physically visit these locations to submit manual paper applications. Data entry clerks then manually reenter the data at different stages of the process, entertaining room for a higher probability of error. If you think of an automated system on a very basic continuum, it would look like the below.

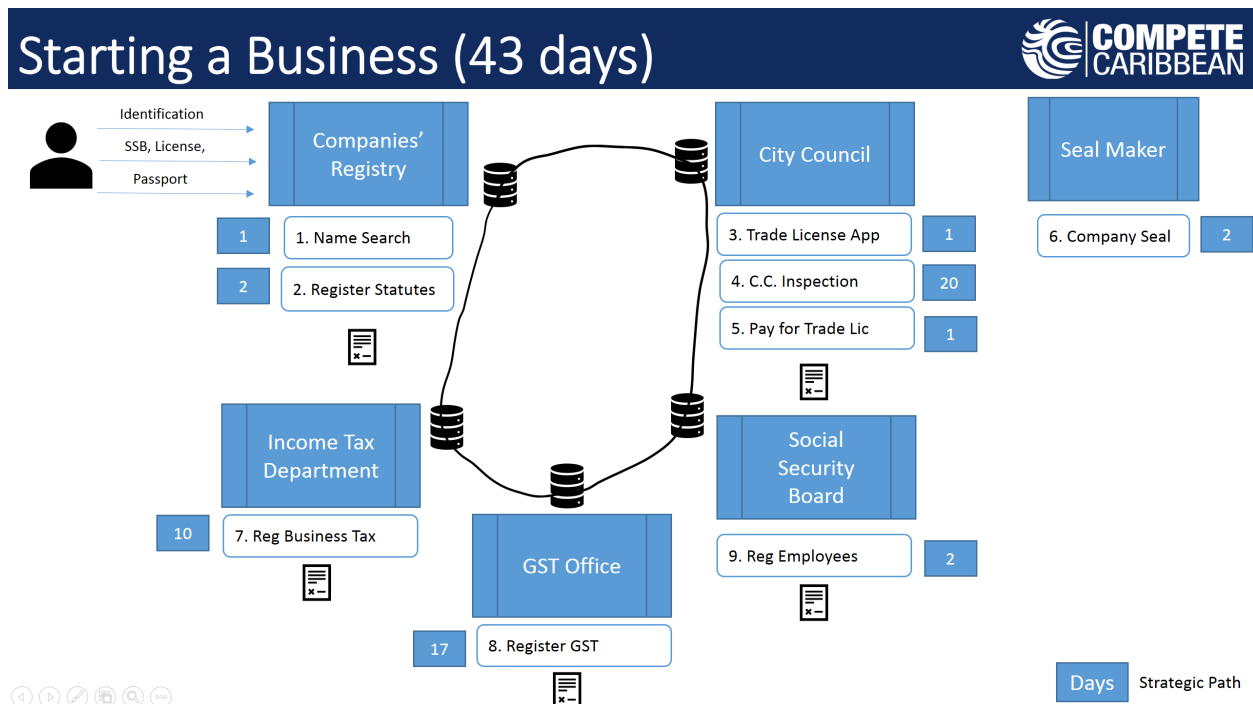


Therefore, the idea is to **have a consultancy develop a template design** so that it can be replicated and used for other government services. In replication, there will be different rules and parameters that are necessary to take into consideration for different processes, but the basic continuum above stays the same. This approach ensures sustainability of the project.

The design template is important **especially for the front end**, but the consultancy will also need to assess and improve on the MIS and to improve the sophistication of the data analytics capabilities. Also **missing from these systems, was integration and communication between entities to allow for approval** – something CITO is working on – and therefore plug ins to allow for this would be necessary. CITO conducted a mapping to provide guidance to potential bidders for the proposed consultancies under the project.



## Review of Processes.



**Companies Registry:** The Belize Companies and Corporate Affairs Registry is a Government office under the Attorney General Ministry whose objective is to establish business and/or companies for local and international investors. The organization manages the registration process of all business, companies



and non-profit organizations in Belize<sup>12</sup>. Relevant acts include the Companies Act, Chapter 250 revised edition 2000; the Business Name Act, Chapter 247 revised edition 2000; and the Limited Liability Partnership Act, Chapter 258 revised edition 2000. The organization is managed by a Deputy Registrar directly that reports to the Register General.

Within Belize Companies and Corporate Affairs Registrars, digitization of historical records has taken place under a CARICOM funded regional project<sup>13</sup>. Best practices from around the world demonstrate the ease at which firms that create an LLC online. According to the World Bank, approximately 65 countries have standardized incorporation forms that allow for automatically generated templates thus easing the cost burden on small businesses seeking investments from investors who wish to become partnerships or own shares, but which require the startup to first incorporate their businesses. Many agencies have also moved their annual filings online. Furthermore, some countries have removed the need for notarization.

**Trade License:** According to Belize's Trade Licensing Act, Chapter 66 (revised edition 2000)<sup>14</sup>, trade licenses are required for businesses operating within the jurisdiction of nine municipalities within Belize. Trade licenses are thus granted at the municipal level by the councils located within these nine local municipalities. The Ministry of Local Government provides support and oversight to the councils. Currently, these nine municipalities have MIS systems (locally developed) in place. Rental value is used to determine the value of the trade license but rental value determination is not standardized, thus impacting trade license fees paid. An on-going consultancy is assessing the rental value methodology<sup>15</sup>. Belmopan and Belize City have help desks to guide persons through the trade license process.

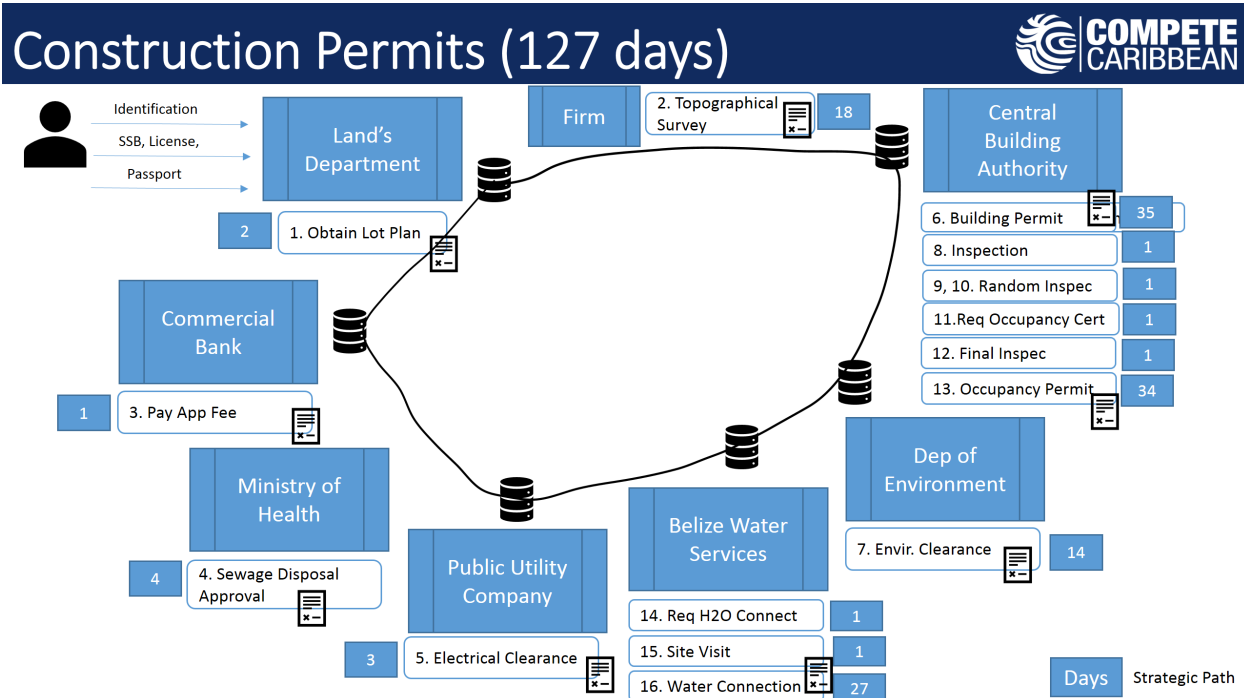
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<sup>12</sup> <http://belizecompaniesregistry.gov.bz/about/>

<sup>13</sup> CARICOM. 2016. "Online company Registry Among 12 Member States". Available at <https://caricom.org/projects/detail/online-company-registry-among-12-member-states>

<sup>14</sup> <http://www.belize-law.org/web/lawadmin/PDF%20files/cap066.pdf>

<sup>15</sup> The Rental Value Consultancy is almost completed. At the end of May 2018, the consultant will present to the municipalities three methods to calculate annual rental value for their final validation. Once that is done, the consultancy is complete.



**Central Building Authority:** The Central Building Authority is located in Belize City and is responsible for the administration of the Belize Building Act, Chapter 131 (revised edition 2011) substantive law<sup>16</sup>. The Belize Building Amendment Act of 2017 clarifies the distinction of responsibilities and functions between the Central Building Authority and the local building units which operate at the municipal level and within their municipal boundaries.<sup>17</sup> Within Belize, there are Local Building Authorities located in nine municipalities. A new reform passing in January 2018 will clarify the role and jurisdiction of the Central Building Authority of Belize and the 9 municipalities who will now be called Building Units (previously known as local building authority). A local firm designed both and it is standard data system (similar to Access).

Best practices indicate countries which have implemented the use of pre-construction approval processes to increase the efficiency of obtaining a construction permit. This process allows for preconstruction approval based on a check list. It thus shifts the responsibilities for the agency from one of administrative tasks, to monitoring and enforcement.

**Recommendations for Piloting Digital Technology for Improving the Business Climate.** In order to realize such goals, streamlining processes and reforming policies affecting the business climate, are vital. The premise that the identification of entry points for digitizing the three aforementioned indicators combined with the requisite legal policy framework for moving these procedures to the digital realm, will lead to improvements in the doing business indicator for Belize and a change in end user experience and behavior when it comes to formalizing.

As the second lowest ranked indicator on the Doing Business, the potential benefits to improving the starting a business process are numerous compared to the relative investment cost this project is

<sup>16</sup> <http://www.cbabelize.org/wp-content/uploads/2016/03/Belize-Building-Act-Cap-131-Revised-2011.pdf>

<sup>17</sup> <http://www.cbabelize.org/wp-content/uploads/2018/03/Belize-Building-Act-Amendment-2017.pdf>

proposing. Benefits include increased formalization of businesses leading to positive spillovers of job creation and economic growth. Indirect benefits include lower levels of corruption as a result of increased transparency, expansion of the tax base, promotion of consumer protection, and fostering entrepreneurship. Belize's National Entrepreneurship Strategy clearly recognizes the role of entrepreneurship in driving innovation, productivity, employment, and economic growth. Though there are many factors that influence the success and growth of firms, the first crucial step for entering, contributing to, and benefiting from the formal economic arena, is to turn ideas into a business and then to formally register that business.

### International Lessons Learned

- Complete the **legal and business process reforms before automation**—to fully realize the potential benefits of technology.
- Critically assess the agency's **ICT capacity**, both staff and infrastructure—if internal capacity is inadequate, identify hosting alternatives within government or the private sector.
- **Fully document the business and functionality requirements before procuring a technology solution**—this will also inform decisions concerning packaged versus custom-developed software.
- Identify and **build data linkages with other government agencies**— both to simplify the overall business entry process and ensure company data is fully leveraged to improve regulatory oversight.
- Leverage the technology platform to **produce new revenue streams**— including information products for financial institutions, credit bureaus, and other firms seeking company data.
- Address **change management and communications** in the implementation plan - —to ensure all stakeholders are fully invested in the new solution.

	Registration System Automation	Trade License	Construction Permit
PUBLIC	Data on Entrepreneurs	Expansion of tax base ; Expansion of revenue	Monitoring of Zones and Types of Establishments
	Improved Efficiencies, reducing time to provide services	Integration and interlinking of systems and communication	
		Data on Businesses in Operation and geographical locations (zoning)	
PRIVATE	Protection of Business Idea through Name		Safety of citizenry
	Ability to attract investors to grow the business		Quality construction that lasts

	Improved access to technical assistance and finance		
	LLC: legal protection		
	Formalization Track		

#### Key Project Design Considerations:

- **Develop strong Communication Strategy:** Highly important as the DB measures whether “majority” of firms utilize the online service or not. The lack of proper awareness among the targeted citizens has the potential to restrict use of the designed system. Public education on the processes and the changes (if any). Confidentiality, integrity, trust; communication stories; collaboration and buy-in from agencies is key; Leadership engagement / champions identification and engagement. Involvement in the education of the banks, insurance companies, and other agencies that can help push for education of consumers in documents that are accepted.
  - Identifying political champion and/or setting up a reform committee to catalyze reforms.
  - Stakeholder management, especially effective communication to losers who may have gained from maintaining the status quo.
  - Role of EDC: “to manage the vested interests opposing reform, mobilize the potential beneficiaries, and generate broader political support through reform communication”. (IFC Toolkit). “Reform communication involves making audiences aware of the proposed reform, the implementation timeline, and intended results. It also entails ensuring the government maintains open channels which it can receive feedback from the private sector.”
  - Partnerships to Promote Awareness and Support in Rural Areas
- **User Inclusion and:** Crucial to uptake, is the inclusion of users who may inadvertently be excluded from the project given the digital skills gap and their access to technology. The increasing spread of mobile phone usage and access to the internet through such mobile phones is alleviate this barrier. In light of much that remains to be done to bridge the digital divide within the country, one small step towards inclusion of these persons is the implementation of a small kiosk pilot that will support rural businesses in utilizing their mobile devices to access and use the technology developed under this project. The location and sector (i.e. agriculture or retail services) of the pilot will be selected in consultations with partners who have expressed interest, such as the cooperatives registry and the SBDC that have staff who periodically do outreach in these areas.
  - **Gender Considerations:** In line with user inclusion, is identifying and understanding the needs and preferences of both women and men led firms. As such, throughout the project, consideration to gender differences in data collection, usage and analysis as input into design of technological solution, communication strategies, and reform efforts has been emphasized.

- **Change Management:** Recommendations for managing cultural change within organizations and for redesigning existing roles or creating new roles, include drafts of how these TORs would look.
- **Simplify and Reengineer** the business process prior to the deployment of the ICT solution. According to the World Bank, simplification can bring about significant improvements through the removal of unnecessary procedures or efforts to parallel them and does not require fundamental reforms.
  - Documentation of all processes, including internal policies that impact decision making
  - Assessment of internal practices that are in place that are not required by law
  - Standardization of processes.
  - Applicability of operational tools such silence-is-consent rules, standardized
  - Recommendations for other types of legal instruments, such as decrees, that may be required to streamline processes
- **Engagement and Commitment:** Ensure that all stakeholders, especially the municipalities and agencies that will be implementing the systems, are not only engaged and aware of the benefits, but are committed to implementing and managing the change. Letters of commitment. Keep in mind that upcoming municipal elections may results in new leaders to engage.
- **Assess the need for Fundamental Reform in the Local Regulatory Environment.**
  - Legal backing of what is considered an “original” document. i.e. the need in Belize for a notarized document and needing to physically see that seal
- **Mapping of Business Climate Reform Efforts in Belize.** Actors within the business climate reforms pace include the World Bank, IDB, the Caribbean Development Bank (CDB), and the Caribbean Export Development Agency. This project will potentially leverage resources from the CDB to ensure sustainability and expansion of efforts.
- **Phased Approach:** Phased approach so that successes can be signaled to others and increase adoption. This also allows for kinks or bugs to be fixed. A Phase 2 could entail expansion of the pilot to other business processes. A Phase 3 could then explore developing a proof of concept utilizing more advanced technologies such as blockchain.
- **Sustainability of the ICT Platform:** Develop a sustainability strategy BEFORE beginning the system’s design to ensure that sufficient financial resources are available to support the acquisition, sustainable operation, maintenance, and potential upgrades of the system. Considerations of hosting (cloud base vs local) are required.
- **Links to National E-Government Programs:** Core to the sustainability of the pilot projects, is its integration into the Government’s overarching E-Governance Strategy.
- **Staff Training and Institutional Capacity:** As such, the Project Manager will more importantly need to be an IT developer so that he/she can shadow the consultancy and then CITO indicated their willingness to absorb this person thereafter so that they can support roll out of this template to other government services. Video documentation of training. Well Defined Business Processes Founded on the Legal Framework.
- **Procurement:** Ensure the that IP issues over who owns the source code developed is clear in the TOR. Make mention to the regional registry database that the system will need to connect to but more so, that the design needs to encapsulate the need for interoperability and information sharing across many agencies and thus this idea of the plug-in option.

- **Monitoring System and Data Analytics:** data collection is highly important as the data can be utilized to demonstrate government gains or losses through the new online system compared to the previous manual system and can also point to areas for improvement.
- **Outcome Evaluation:** A monitoring and evaluation strategy is important for monitoring the outputs and outcome of the project activities. It is proposed that CITO's mapping be used as a baseline for the outcome indicators as it provides a more nuanced picture of the business climate in Belize than the World Bank's Doing Business measure.

#### **Technological Solution Considerations**

- Process flow diagrams
- Ability to upload and treat electronic files as originals
- Customizable template for the documents lawyers usually prepare
- Check list for all items needed
- Plug ins for: Online Payment, database management, data sharing, etc.
- Information Access Policies and rules embedded
- Dashboards to display real time data analytics
- Mobile compatibility
- Server
- E-signature capabilities
- Identity verification measures
- Tracking App (similar to the Domino's pizza tracker) so applicants can be aware of where their application is in the process

**The Benefits of API:** APIs, generally known as Web Services or Web APIs, support open data initiatives via dynamic and secure sharing of content and data between approved entities and applications. The National Weather Service, for instance, uses APIs to provide access to weather data utilized by developers in their apps. The Federal Aviation Administration is another entity that provides travel websites and mobile apps with live airport status and delay information through its Airport Service API.<sup>18</sup> APIs define protocols for securely sharing data between approved entities resulting in benefits such as integration between previously siloed government entities, automation that promotes time savings, and efficiency that yields reduction in operating costs<sup>19</sup>.

**Risks and Sustainability.** The outputs and outcomes of this TC directly complements and supports the Government of Belize's E-Government Work Plan which is currently being implemented and led by Belize's Central Information Technology Office (CITO). Particularly, the TC supports the GOB's goal for modernizing the delivery of public services to improve efficiency and effective delivery of public services based on citizen needs. This TC focuses on business climate related processes, yet the pilot developed under this TC can undergo further iterations and be scaled up to other government processes. To ensure the country has the capacity to further iterate on the pilot, training will be provided, especially to IT experts within CITO. Furthermore, the IT Project Manager hired under this TC, given his/her close work with all consultancies under the project, local counterparts and stakeholders and the IDB, will develop important tacit knowledge and skills. CITO has indicated the potential to absorb the consultant at the project's end. This absorption is important to the continuity of this project after IDB funding has ended.

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<sup>18</sup> See <https://www.digitalgov.gov/2013/04/30/apis-in-government/> for more information

<sup>19</sup> Ibid.

Another key element to sustainability, is cultural acceptance of the technology being proposed. As such, heavy emphasis has been placed on understanding user needs across a wide section of the economy, communication and knowledge dissemination promoting the benefits of the proposed digital technology, educating users on how to use the technology, and addressing how to reach users, such as those in rural areas that may have barriers to access. Champions from the EDC and CITO, along with participants of the pilot, play a key role in continuing this dialogue after IDB project funding ends.

- Phased Approach: While reform efforts have begun by addressing legal and procedural improvements, with technology enhancements coming at a later stage, it is important to harmonize all initiatives affecting the business registration function to avoid inconsistencies that can disrupt the registry operation or fail in realizing promised efficiency gains.<sup>20</sup>
- Regulatory Governance: Experience has demonstrated that initial quick wins achieved from discrete reforms to specific regulations can quickly be undermined by a continuing flow of poor regulation from an unchanged system<sup>21</sup>
- The ‘burden’ of business regulations and regulatory compliance will differ according to the size of the business, location of the business, and also the sector/activity of the business. These present complex issues for sample determination and size, ensuring accuracy and also the aggregation of findings<sup>22</sup>
- Procurement: Within the procurement process, the IDB’s standards will be adhered to in order to ensure competitive selection (where feasible), value for money and quality outputs.

#### Risk Matrix:

Issue	Mitigation
1. The need for policy, legislative and regulatory reform	Design appropriate legal/regulatory amendments
2. Policy and practices development	Develop the prescriptions for public sector transformation required to support the deployed system
3. Inadequate funding	Make proper assessment for the right level of funding
4. Lack of skilled personnel in specialist areas	Employ consultants to fill the gap and train others
5. Inadequate level of commitment	Identify and assign champions at the Political level
6. Uptake within government agencies	Employ change management techniques
7. Uptake amongst end users	Strong communication and campaign strategy that supports users in using the technology

<sup>20</sup> World Bank. “Leveraging Technology to Support Business Registration Reform: Insights from Recent Country Experience”. 2011. Available at <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Special-Reports/Leveraging-technology-to-support-business-reforms.pdf>

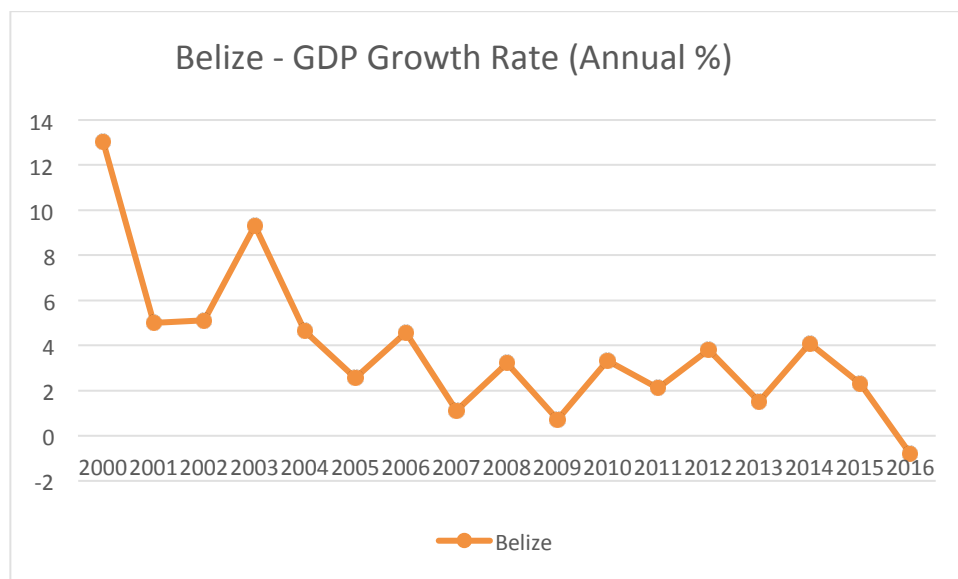
<sup>21</sup> Ibid

<sup>22</sup> Ibid

Source: World Bank. “Leveraging Technology to Support Business Registration Reform: Insights from Recent Country Experience”. 2011.

## ANNEX VII: OTHER RELEVANT DATA

### Macroeconomic Indicators



### Entrepreneurship Database

\* The limitation of this database's measure on business entry density rate and newly registered companies, is that they are all focused on the limited liability<sup>23</sup> legal form. i.e. sole proprietorships or partnerships are not considered.

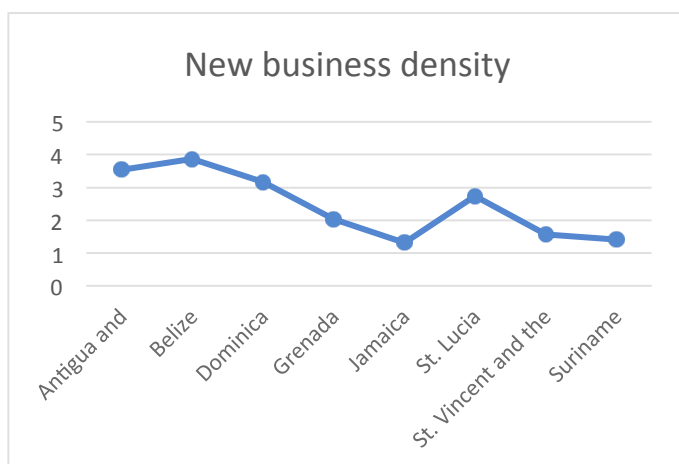
<sup>23</sup> According to the World Bank, limited liability is a concept whereby the financial liability of the firm's members is limited to the value of their investment in the company. It is a separate legal entity that has its own privileges and liabilities. This study collects information on all limited liability corporations regardless of size. Partnerships and sole proprietorships are not considered in the analysis due to the differences with respect to their definition and regulation worldwide. Data on the number of total or closed firms are not included due to heterogeneity in how these entities are defined and measured.

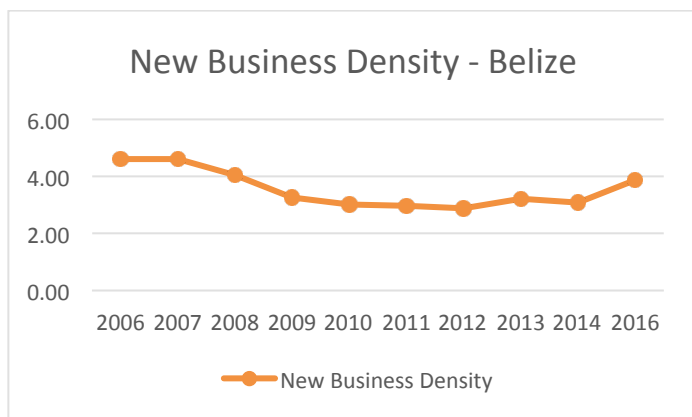
(<http://www.doingbusiness.org/data/exploretopics/entrepreneurship/methodology> )





\*Year 2016, except for Antigua and Barbuda and Grenada (2014)

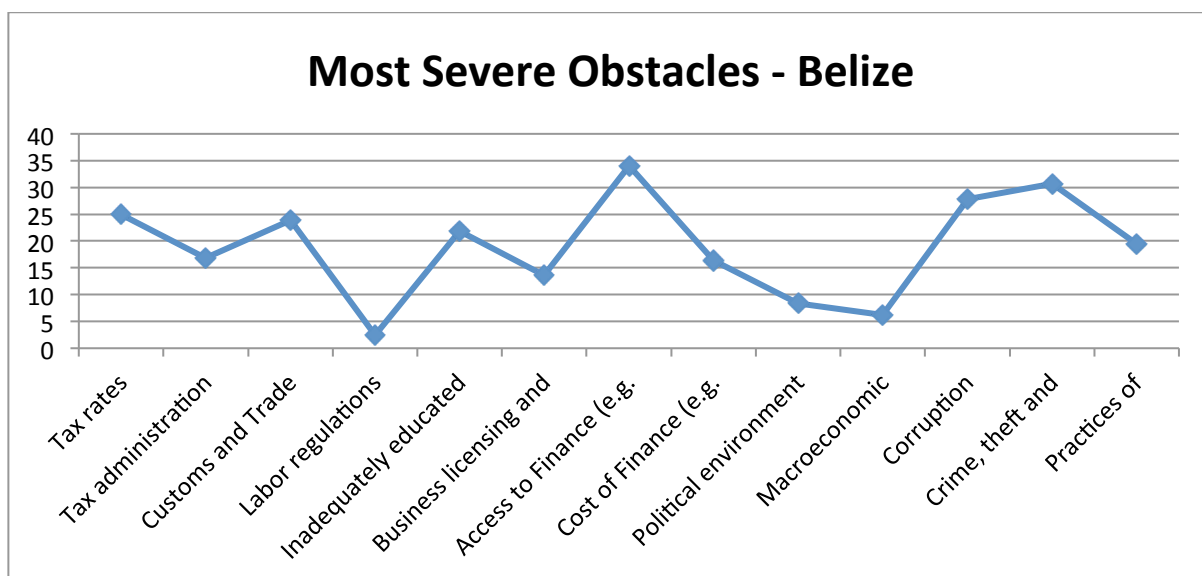




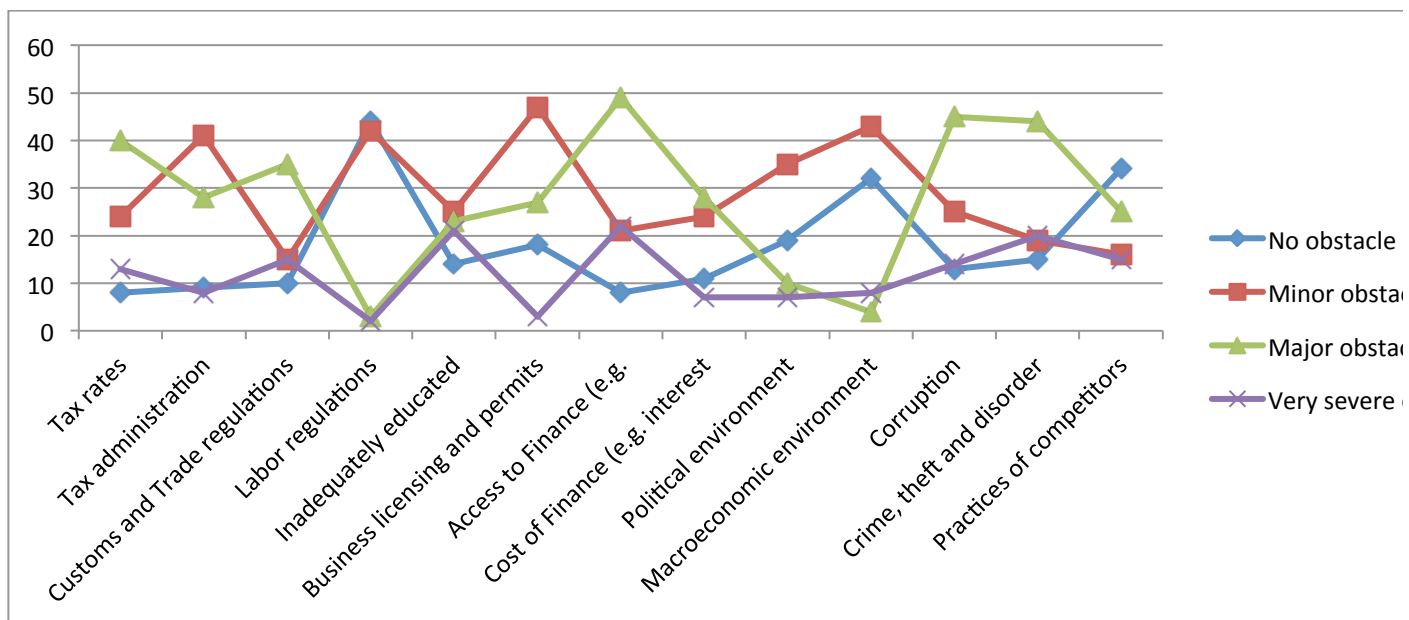
\*Year 2016, except for Antigua and Barbuda and Grenada (2014)

### PROTEqIN Dataset

\* The limitation with this dataset, is that it does not collect data on firms in the agricultural industry and firms with less than 5 employees. The below diagrams are illustrative only to signal the composition of firms in the country.



\* Weighted of (i) major obstacle and (ii) very severe obstacle. Shows the top obstacles as (i) access to finance (ii) crime, theft, and disorder and (iii) corruption



Belize: Obstacles as Cited by Firms Surveyed in the PROTEqIN Dataset

