E-Government and Economic Growth

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June 2006
Bob Otto’s presentation covered this topic well:

- e-Gov applications to improve business environment
  - Making G2B processes predictable, faster, less susceptible to corruption
  - Examples: customs, registration, licensing, permits
- e-Gov applications to reduce cost of gov’t services
  - Provided examples: Customs, Land Registration

**Key Point:** If using e-Gov to help businesses, ask them for their priorities.

I have three more examples of e-Gov applications affecting economic growth.

- **Tax administration**
  - Liberia and Bosnia-Herzegovina both automated tax administration as part of major tax system reform
    - Tax revenues (paid to government) increased dramatically.
    - Amount paid by businesses may not have increased much (or at all) given reduction in corruption.
    - Businesses subjected to tax audits selected objectively by system.

- **Justice system applications**
  - Again, part of major judicial reform efforts to increase rule of law, efficiency of judicial system
    - Sample results: dramatic improvements to and increased objectivity in case management, case assignments.

- **One Stop Shops for Enterprises (Madagascar’s topic…)**
E-Gov & Business Environment: Sub-national Competition

• Two cases: Mexico and Vietnam
• States measured and compared publicly on “doing business” scales.
• Among other changes, states are implementing G2B e-gov applications – *and changed business processes* – to improve business environment.
• Without changes to business processes, potential gains not achieved.
• Examples in your countries?
• What works – lessons to share?
Back up slides
Quick Look at Liberia

• Some e-gov applications may indeed “hurt” economic growth
• As part of fiscal reform, USAID helped with new Treasury Management System
• **Key:** Business processes changed (i.e., how work is done, who does it) to use new automated system:
  – All tax bills tracked electronically
  – Payments made directly to Central Bank cashier
  – More convenient for payer – and fewer opp’s for fraud
• **Dramatic results:**
  – Businesses and individuals paid more .. Or at least more to gov’t directly
Quick Look at Bosnia-Herzegovina

- USAID helped with basic, dramatic fiscal reform
  - New country.
  - Eliminate central government payment bureau
  - Create public treasury and commercial banking system
  - No prior automation
- 2 Systems: Gov’t Treasury Mgmt System and automated for Bank Clearing House
  - Did it and increased public tax revenues 15%/yr.