Improving the business environment: what role for parliamentarians?

Abdoulaye BIO TCHANE

Chairman
Alindaou Consulting International
Economic growth is defined as a long term expansion of the productive potential of an economy. It has significant benefits such as:

- Higher employment
- Fiscal dividends
- Investment in new capital
- Better living standards for populations

Three branches are mainly responsible for economic growth:

- The executive through implementing sound and transparent policies that improve public financial management and thus service delivery
- The private sector by investing in the country and providing wider access to goods and services
- The legislative by passing laws for the ease of doing business and for enforcing legislation

In developed countries, more than 70% of employment is created by the private sector, whereas data shows that in developing countries, the (formal) private sector is not yet playing the role it ought to in order to facilitate growth and development. The prime reason behind this finding is that most of the private sector is informal and not structured.

Since 2003, the World Bank’s Doing Business Report has provided « objective measures of business regulations and their enforcement across 183 economies at the subnational and regional levels ». The initiative encourages a ‘formalization’ of businesses so as to bring about growth. Countries have been using the ranking as a benchmark to measure progress in the ease of doing business.
Through legislation, parliamentarians have an important role to play to stimulate growth.

Legislation should allow for a reduced number of procedures, speedy process and efficient costing for a better environment climate.

Moreover, parliamentarians are citizens’ representatives. Thus, in addition to passing laws in favor of higher living standards, they should make sure that these laws are enforced and serve their purpose.
Components of a legal framework to improve business environment

There are 4 main ways in which parliamentarians can pass legislations that can help improve the business environment:

1. Facilitating access to the formal private sector and attracting foreign direct investment
2. Strengthening anti corruption institutions
3. Strengthening procurement processes
4. Setting up measures to counter illicit financial flows
Facilitating access to the formal private sector and attracting foreign direct investment

- The Doing Business Report looks into the procedures, time and cost of doing business and is based on a number of indicators:
  - Starting a business
  - Dealing with construction permits
  - Getting electricity
  - Registering property
  - Protecting investors
  - Trading across borders
  - Enforcing contracts
  - Resolving insolvency

- It is incumbent upon parliamentarians to regularly review these procedures and to make sure that legislation is passed to directly or indirectly improve the environment climate in their country (both in rural and urban areas).

- Moreover, parliamentarians should make sure that the legislation benefits all social groups, especially marginalized ones (youth and women).
Corruption in all its forms is one of the greatest hindrances to growth and development. The capture of funds or the informal payment for access to services have negative effects on service delivery and foreign direct investments.

With adherence to the good governance agenda, most African countries have intensified the fight against corruption by passing domestic laws and setting up comissions or other types of institutions domestically and regionally.

Parliamentarians should go a step forward and ensure that the laws passed and institutions set up lead to more in prevention, investigation and prosecution of corrupt people and institutions.

Moreover, since corruption is an international and cross border phenomenon, parliamentarians should collaborate towards the harmonisation of anti–corruption laws and processes in order to deepen regional integration and development.
Competition and transparency are the cornerstones of procurement.

Governments’ procurement systems are increasingly used for the management of both domestic and aid funds. Whether it is for service delivery or for privatization, the laws and systems in place must be viable.

Parliament’s role is to pass laws that will strengthen...
Illicit financial flows are funds issued from corruption, tax evasion, drugs and any other type of illicit activity that leave developing countries for other shores.

Hard to assess, quantify and monitor, they are highly detrimental to our economies and are becoming much more prevalent.

Parliamentarians can best counter the phenomenon by passing laws that give a mandate to institutions to track and sanction any case of illicit financial flow.

Moreover, parliamentarians should share technical know how and build international collaborations to better tackle illicit financial flows.
Parliamentarians have an important role to play in improving the business environment in Africa.

This role first consists in passing legislation for the rules and procedures as well as the set up of institutions to:

- Ease the investment climate
- Tackle corruption
- Strengthen procurement
- Curb illicit financial flows

Second, beyond passing legislations, parliamentarians should ensure that follow up mechanisms and sanctions are applied to individuals or firms that partake in any of the listed behaviors that deter growth and sustainable development.

Third, parliamentarians should follow up on indices such as the Ease of Doing Business index, the Corruption Perception Index, etc. so as to assess the impact of legislation and to take into account roadblocks to pass adequate new legislation.

Fourth, parliamentarians need to collaborate with their colleagues in neighboring countries, across the continent and in the world for greater exchange, experience sharing and cross countries laws to tackle the phenomena that prevent growth and sustainable development in Africa.
THANK YOU!