Integrated Assessment Report on the Processing of Applications for Business Permits in the Cities of Batangas, Iloilo and Cagayan de Oro in 2014

Investment Enabling Environment (INVEST) Project

Submitted to

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Office of Economic Development and Governance
U.S. Agency for International Development/Philippines
Under Contract No. AID-492-C-11-00005
(Output No. 1.1, Deliverable 1, Program Area 1.1, Component 1)

January 5, 2014

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LIST OF ACRONYMS

AF	Application Form
ARTA	Anti-Red Tape Act
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BLESS	Business Licensing Electronic Support System
BOSS	Business One Stop Shops
BP	Business Permit
BPLD	Business Permits & Licensing Division
BPLS	Business Permit Licensing System
BT	Business Tax
CDO	Cagayan de Oro
CEC	City Environmental Certificate
CHO	City Health Office
CEO	City Engineering Office
CTO	City Treasurer's Office
CZC	City Zoning Certificate
DTI	Department of Trade and Industry
EDB	Economic Development Board
ENRO	Environment and Natural Resources Office
FDI	Foreign Direct Investment
FSIC	Fire Safety Inspection Certificate
GDP	Gross Domestic Product
IDA	Industrial Development Authority
INVEST	Investment Enabling Environment Project
IPA	Investment Promotion Agency
JIT	Joint Inspection Team
JMC	Joint Memorandum Circular
LCE	Local Chief Executive
LGU	Local Government Unit
MC	Memorandum Circular
MIDA	Malaysian Investment Development Authority
MP	Mayor's Permit
NERBAC	National Economic Research and Business Assistance Center
NGA	National Government Agency
OBLS	Online Business Licensing System
OR	Official Receipt
OSS	One-Stop Shops
PBR	Philippine Business Registry
RPT	Real Property Tax
SEC	Securities and Exchange Commission
SSS	Social Security System
TOP	Tax Order of Payment
TORU	Treasury Operations Review Unit
TWG	Technical Working Group
UF	Unified Form
USAID	United States Agency for International Development

I.
INTRODUCTION

The Investment Enabling Environment Project (INVEST) of the United States Agency for International Development (USAID) aims to assist the Philippine government improve the country's enabling environment for investments. One of its two objectives -- to lower the transaction costs in doing business involving local level regulations and processes in business permit and licensing systems (BPLS) -- is the concern of this assessment.

The INVEST Project is currently assisting the cities of Batangas, Iloilo and Cagayan de Oro in promoting a conducive business climate that would attract needed investment into these cities. Project interventions primarily consisted of technical assistance in the streamlining and automating their business registration and licensing procedures (new and renewal), including the pre-requirements of the national government agencies (NGAs), as well as improving the business inspection system to enable the cities to comply with, and exceed, the national BPLS standards and be able to match the best practices in the Southeast Asian region. The Project is now in its third and final year of providing assistance to its partner cities. So, an objective and scientific assessment of the cities' streamlined and computerized business registration processes, including related inspection systems, will be undertaken to provide the basis for sustainable implementation beyond the life of the Project.

The objective of the assessment is to describe and assess the streamlined and computerized processes of business registration in the partner cities, thus establishing quantitative and qualitative information that can be compared with the 2012 baseline data and the follow-up 2013 assessment

This report is being submitted as part of Output 1.1, Deliverable 1, Program Area 1.1, Component 1 on the "Assessment Report on the Reforms Implemented for BPLS, BOSS and Inspection Systems." A separate report will be submitted on the assessment of inspection systems in the three cities.

II.
METHODOLOGY

The third-party evaluation of the business permitting reforms implemented in the three partner cities has been part of the monitoring and evaluation aspect of INVEST for the three years of project life. The findings of the evaluation have been used as basis for designing progressively improving designs of the reforms. For its last year, the assessment was done by the City Program Advisers and hired students/researchers and covers the assessment of the business processes using a time and motion study and the set-up of the Business One-Stop Shop (BOSS). An exit interview type of a Customer Satisfaction Survey has been designed to get the perception of clients on the reforms implemented. The methods used in the evaluation are described below.

A. Assessment of the Business Permitting Processes of Partner Cities

Three (3) processes were documented and assessed by the Project in the cities: (1) the processing of applications for the renewal of permits to operate businesses; (2) the processing of new applications for permits to operate businesses; and (3) operations of the BOSS. The assessment began in early-January 2014 up to the end of the renewal period in the same month. The results of the 2014 assessment were compared with the evaluation of the three processes conducted in 2012 and 2013 to determine the extent of improvement in the cities' business permit processing.

Similar to the 2012 and 2013 assessments, the study used a process table/map in documenting the renewal process *from the perspective of the applicant* and covered the end-to-end process that the applicant undergoes. The START of the end-to-end process that was documented began with securing the application form, during which the applicant realizes the need to get additional requirements, e.g. the Department of Trade and Industry's business name registration or the Security and Exchange Commission's articles of incorporation or a *Barangay* Clearance, or a city-specific requirement. NGA requirements are considered by many LGUs as "pre-requirements", which must be captured in the documentation. The END of the process being documented is the last requirement that the applicant needs to comply. The same process was used in documenting the application for new business registration. Process documenters were hired to undertake these activities.

The assessment of the BOSS area was done mainly through observation and documenting the answers to guide questions included in the BOSS evaluation form. The researchers were required to get copies of forms and any communication materials related to the process (e.g. leaflet with process flow, etc.). They also took pictures of communication materials posted in the BOSS or in locations where the process took place (e.g., process flow).

The details of the methodology are explained in the project guidelines in Annex 1.

B. Customer Satisfaction Survey

The heart of the government's strategy for public services reform is that services must be increasingly responsive to the needs and aspirations of their customers. This requires a better understanding of what makes customers satisfied. The best way to learn from your customers is to ask them for information. A customer service satisfaction survey lets you learn what the

applicants liked about the service. The survey can also be designed to elicit comments or suggestions for improving the service. This can be a powerful tool for improving public service. When we are looking at customer satisfaction, we are re asking questions directly about the delivery of services at an operational level. Quality and service improvement tools like client satisfaction survey can help organizations improve the quality, efficiency and productivity of service they provide.

With this mind, INVEST has employed the client satisfaction survey to determine areas for improvement in the business registration process. Hence, the exit interview aims to obtain feedback from the business permit applicants on their actual experience in doing transactions related to renewal. Specifically, it is intended to get a profile of the business of the applicants; gather information on the applicant's perception of the business renewal process and the BOSS; and collect data on the efficiency of the process, satisfaction of the business applicant with the service provided by the frontline staff of the city government and the comfort of the surroundings/site.

For the client satisfaction survey, the interviewers administered the questionnaire to the applicants as they leave the site after the completion the renewal of business registration. This was a face-to-face interview where the interviewer asked the questions to the applicant and the interviewer wrote down the applicant's answer. The total sample size of 300 were distributed proportionally to the expected number of clients on a Monday, Wednesday, and Friday. To determine the sampling interval (k), the expected number of clients for that day were divided by the sample size allocation for that day. A random start between 1 and k, say I was chosen. The ith client completing the renewal process will be first sample followed by the kth and every k^{th} client thereafter completing the process. The sampling interval may deviate from k slightly to ensure that the male-female client distribution is approximately 50-50.

III.
INTEGRATED FINDINGS

After the assessment of their BPLS in 2012, the INVEST cities have embarked on continuous improvement on their business registration procedures not only to surpass the JMC standards but also to reduce the cost of doing business in order to attract more investments in their respective localities. This section presents a comparative view, across the three cities, of the reforms made, the impact of these in terms of additional business registrations and the revenues from business taxes and the perception of the public on the reforms.

A. Compliance with BPLS Standards

The BPLS reforms started in the second half of 2012 in the three cities were sustained and made even more vigorous to attain a higher level of efficiency. Notably, Batangas City has embarked on computerizing their BPLS thus attaining a trailblazing performance in 2014. Iloilo City has re-emerged from a slow start to implement significant reforms to be able to cope up with the shining performance of its collaborating cities. Cagayan de Oro City deepened its BPLS reforms to attain a magnificent feat in 2014.

Tables 1 and 2 show that, by 2014, all of the cities have surpassed the service standards for processing business permits, in terms of steps, the use of the unified application form and processing time. The number of signatories and required documents has been substantially reduced since 2012 but Cagayan de Oro, due to the change in management in 2013, still required more than2 signatories in 2014.

Table 1.
Comparison of Baseline[1] and Streamlined[2] BPLS for Applications for New Business Permits in Partner Cities, 2012-2014[3]

BPLS Indicators	Batangas			Iloilo			Cagayan de Oro		
	Baseline (2012)	2013	2014	Baseline (2012)	2013	2014	Baseline (2012)	2013	2014
Steps	17	3	2	27	18	4	17	5	3
Form	11	1	0	8	2	1	10	5	1
Signatories	22 (manual)	2	2 (digitized)	27	4	1	27	7	4 (digitized)
Required Documents	7	3	0	6	5	5	14	7	5
Elapsed/ Processing Time	Around 11 days	3 hours, 21 mins	1 hour, 30 mins	About 2-3 days	17 days	Walk in: 1 hour	19 days	Less than 1 hour	30 mins – 1 hour

[1] Baseline data were collected during the Self-Assessment Workshops in June- July 2012.
[2] Streamlined data were based on third party assessments done by INVEST in 2013 and 2014.
[3] Covers data for January-March for the years indicated; data for 2014 is preliminary.

Table 2.
Baseline[1] and Streamlined[2]BPLS for Applications for the Renewal of Business Permits in Partner Cities, 2012-2014[3]

BPLS Indicators	Batangas			Iloilo			Cagayan de Oro		
	Baseline	2013	2014	Baseline	2013	2014	Baseline	2013	2014
Steps	17	3	2	9	11	3 (walk-in); 1 (online)	8	4	3
Form	3	1	0	4	1	0	2	5	1
Signatories	14 (manual)	2	2 (digitized)	13	2	1	13	4-5	4
Required Documents	9	4	2	6	6	5	1	5	7
Elapsed/ Processing Time	1-2 days	5 hours, 38 mins	1 hour, 27 mins	3 days	1 and ½ days	Walk in: 1.5 - 4 hrs Online: < an hour - 1.5 hr	2-3 days	Less than 1 hour	Less than an hour

[1] Baseline data were collected during the Self-Assessment Workshops in June- July 2012.
[2] Streamlined data were based on third party assessments done by INVEST in 2013 and 2014.
[3] Covers data for January-March for the years indicated; data for 2014 is preliminary.

B. Impact of the Reforms

The impact of the reforms has been impressive. The total number of business registrations from January to September for both new and renewals in the three cities rose by 26.1%, i.e. from 31,512 in 2011 (base period) to 39,740 in 2014 (Table 2).[1] Among the cities, Batangas City posted the largest increase in business registrants during the project at 32.8%, followed by Iloilo City.

Table 3.
City Level Impact/Goal Indicators of INVEST Logframe: Number of Business Registrations (January to September)[2]

Indicators	2011 (baseline)	2012	2013	2014	%Growth (2011-2014)
No. of Business Registrations	31,512	31,581	34,048	39,740	8.0
- Batangas City	5,184	5,456	6,434	6,886	9.9
- Iloilo City	9,084	9,435	10,035	11,759	8.9
- Cagayan de Oro City	17,244	16,690	17,579	21,095	6.9

Source of Basic Data: City Treasurer's Offices of the cities of Batangas, Iloilo and Cagayan de Oro

Table 4 below shows the gradual acceleration in the growth of total business registrations in the three cities over time, which peaked in 2014. The pattern of growth in the number of business

[1] 2011 is the year before INVEST started. Reforms under the Project started in 2012 but actual implementation of reforms started during the 2013 renewal period.

[2] At the time of report writing, full year 2014 data was not yet available. Hence, the report is using the January to September data for the period 2011-2014.

applications coincided with the implementation of the reforms in the cities. For instance, it was during the 2013 business renewal period when Batangas City opened its newly constructed business one-stops shop (BOSS), resulting in a 14.1% increase in registrations over the previous year. In Iloilo and Cagayan de Oro cities, 2014 was the year when more aggressive business permits and licensing reforms were implemented. These two cities accounted for the bulk of the increase in total registrations for the three cities combined in 2014.

Table 4.
City Level Impact/Goal Indicators of INVEST Logframe: Growth in the No. of Business Registrations (January to September, 2011-2014)

Indicators/	2011-2012	2012-2013	2013-2014	2011-2014
Growth in the Number of Business Registrations	0.02	7.8	16.7	8.0
- Batangas City	5.2	17.9	7.0	9.9
- Iloilo City	3.9	6.4	17.2	8.9
- Cagayan de Oro City	-3.2	5.3	20.0	6.9

C. Customer Satisfaction Survey

Annex 1 shows the comparative satisfaction ratings of the three (3) cities for the last 3 years – 2012 to 2014. Batangas City topped the other two cities, with a high 98% net rating, on the question of satisfaction with the services related to the processing of business permits. In contrast, the cities of Iloilo and Cagayan registered continuous decline in net satisfaction rating with the former experiencing the biggest plunge in 2014.

In terms of clarity of the instruction on business permit application & renewal, Batangas City garnered the top ratings for 3 years with a net satisfaction rating of 86% in 2012, reached a high 94% in 2013 though it declined to 89% in 2014.

In terms of level of comfort while waiting for business permit, applicants in Batangas City gave the highest rating with 86% net rating with compared with a low 20% in Iloilo City and 82% in Cagayan de Oro City. According to business permit applicants, Batangas City staffs are friendlier with net rating of 93% followed by Cagayan de Oro staff with 88% and, surprisingly, a low net rating of 35% of Iloilo City staff. Most applicants in Batangas City (88%) and Iloilo City (87%) said that they spent more than one hour but within the day in renewing their permit in 2014. A plurality of 40% of applicants in Cagayan de Oro City said they renewed their permits in less than one hour in2014, a big improvement from 27% in 2013.

In 2014, roughly 98% of the applicants considered the fees imposed by Batangas City are reasonable, 78% in Iloilo City with Cagayan de Oro registering the lowest percentage of 64% down from 67% in 2013. All applicants (100%) in Batangas City are looking forward to next year's renewal of business permit, 91% in Iloilo City despite the not so favorable satisfaction ratings, and 93% in Cagayan de Oro City.

IV.
BATANGAS CITY

In 2013, Batangas City has already complied with and even surpassed the 2010 DILG-DTI Joint Memorandum Circular (JMC) service standards for business registration. In 2014, the city further cut down the number of forms, steps, signatories, required documents, and processing time primarily due to the use of information technology. The people of Batangas City appreciated the business permitting reforms implemented by the city government as shown by the highly positive response in the customer satisfaction survey conducted in the city.

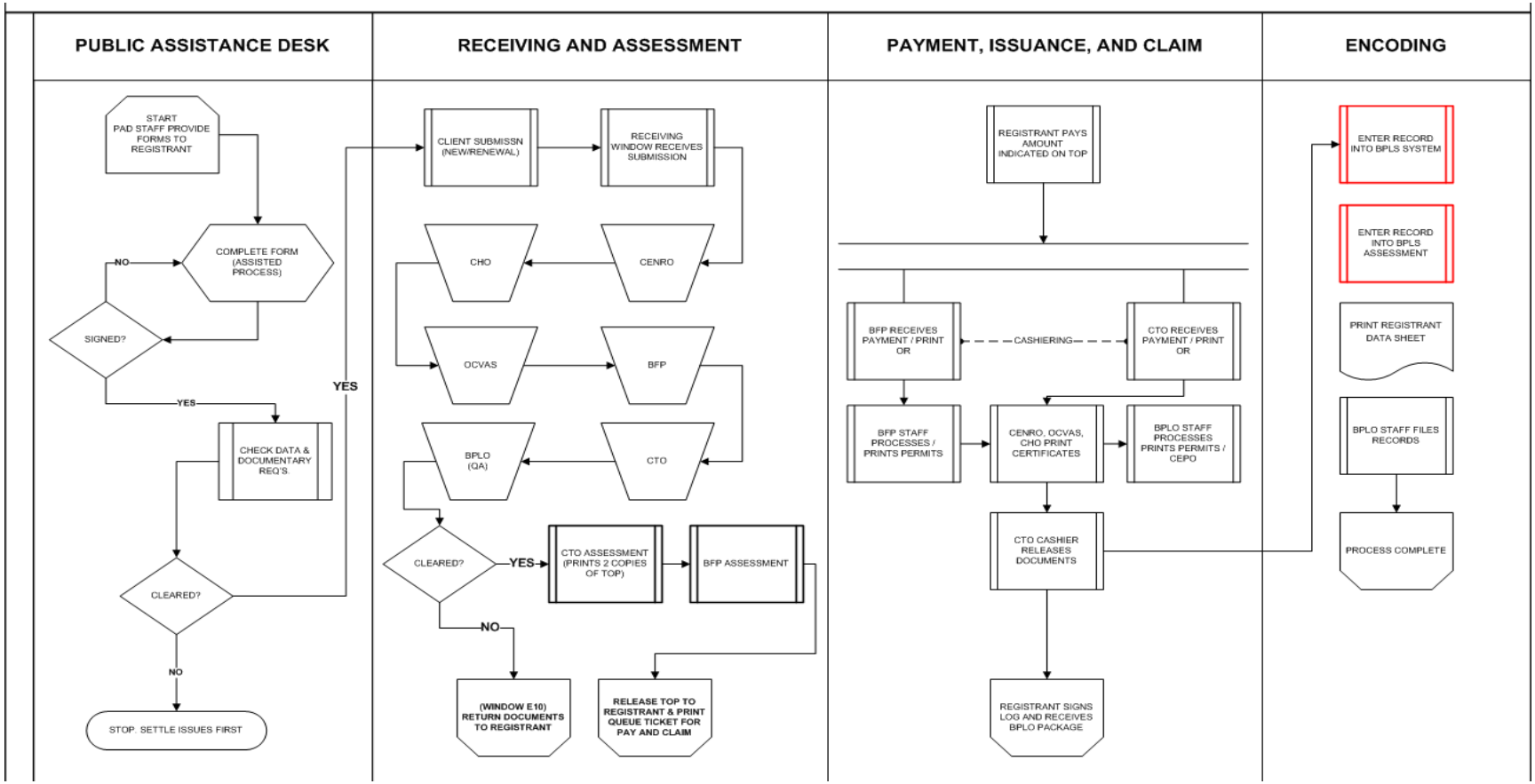
A. BPLS Reforms in 2014

The Batangas City government sustained the process improvements implemented in 2013 during the 2014 business renewal process. These include adoption of a nuanced queuing system to expedite processing of clients with special needs (persons with disability, senior citizens, and pregnant women) and differentiated single and multiple transactions. The discussion below summarizes additional improvements implemented beginning 2014.

Automation. For 2014, the city government focused on implementing greater automation of its business permitting processes. Encouraged by the success of the business registration of Valenzuela City, a sister city of Batangas City, the city government contracted Lexsys Technologies, Inc. to develop its database system which covers business permits a well as other applications, e.g. real property tax. The automated database enabled encoding of previously submitted information by existing businesses (those who would be applying for renewal of permits); thus allowing the city government to do away with the submission of an application form. Those applying for renewal of permits only had to provide their tax identification number (TIN) and the company/owner's name (any unique identifier) together with the requirements - *barangay* clearance and copies of Income Tax Returns (ITRs). The Business Permits and Licensing Office (BPLO) staff would retrieve business information from the database. For new business permit applicants, the different types of information needed (plus required documents) are solicited through an interview process, wherein information gathered is directly encoded in the database.

Computerization also enabled centralizing the reporting of non-compliances ("positive findings") for each business in the city, where different departments and agencies (i.e. City Health Office (CHO), City Environment and Natural Resources Office (CENRO), Office of the City Veterinary and Agricultural Services (OCVAS), and Bureau of Fire Protection (BFP)) were asked to encode positive findings by December 15, 2013. For 2014, instead of having the application checked by each of the city government departments, the BPLO staff can already retrieve information the establishments with non-compliances from the linked database. Figure 1 illustrates the 2013 steps that have been removed in 2014. If there are any findings, the BPLO provides the client with a print-out containing specific information on the city government findings and directs them to concerned offices where the applicant would need to settle their non-compliances with. If there are no positive findings, the application can proceed with assessment for payment of taxes and fees.

Figure 1.
Streamlined Receiving & Assessment Process



Pilot Online Permit Renewal. The city government developed and piloted the online submission of renewals for 2014, inviting 100 randomly selected businesses to test the system. Applicants were able to submit their documents using an interactive web page that enabled uploading of digitally scanned requirements (i.e. the *barangay* clearance and ITRs). Once submitted, the CTO and BFP assessed taxes and fees at the BOSS and the tax order of payments (TOP) are emailed to the establishment after 24 hours. The applicants that availed of the online facilities, however, still needed to go to the city hall to pay the taxes due, present original copies of the scanned documents submitted online and claim the permits and clearances.

- *Mobile Payment.* INVEST and SIMM supported the city government to pilot mobile payments for business permits beginning April 2014, in time for quarterly business tax payments.

  Improved BOSS Facility and Process for Clients. For 2014, to make the process less confusing for both the clients and staff, a separate Pay and Claim area was created for the second step of the process.[3] Even the electronic queuing system was improved. Aside from continuing the implementation of a nuanced system which prioritizes clients with special needs (i.e. persons with disabilities, pregnant women, and senior citizens) and differentiates single and multiple transactions, the queuing client interface system was made simpler by having only one level where all options are provided to the clients, who were requested to choose only one option.

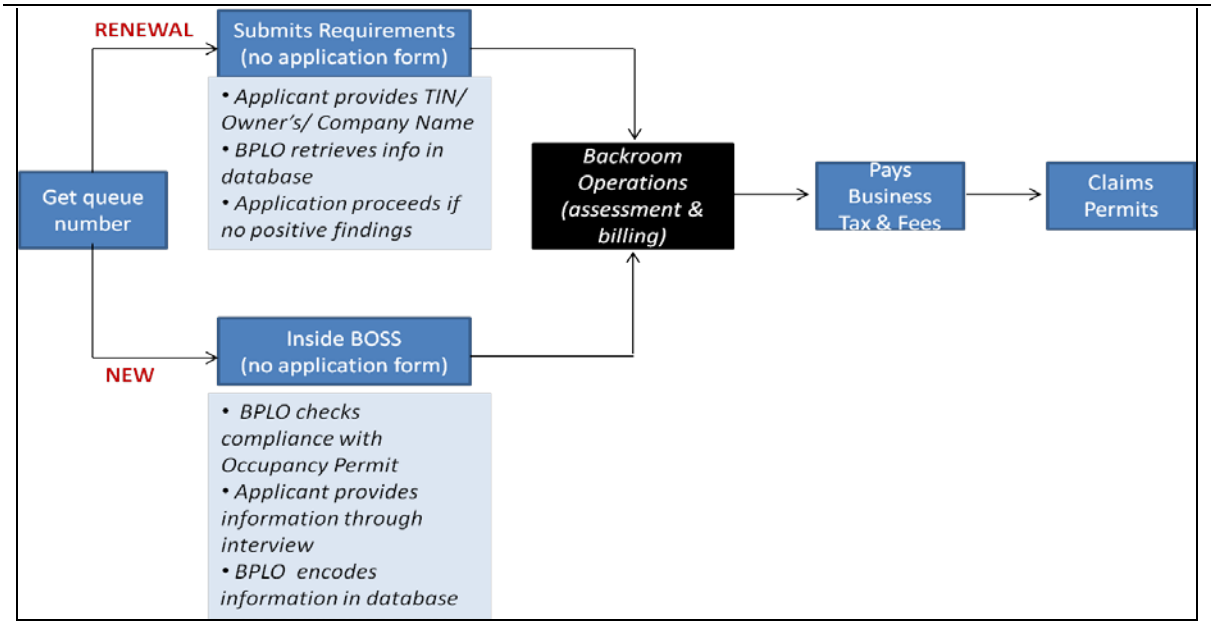
  Extended Hours/Days for Processing Permits. Beginning 2014, the city government decided to accept business registration (new and renewals) seven days a week for the renewal period, excluding holidays. Moreover, since the last day of the month (January 31, 2014) was declared a holiday because of the Chinese New Year, the deadline for renewing permits (without penalty) was shifted to February 3, 2014.

B. Compliance with BPLS Standards

Reduced Steps. The city has impressively limited the number of steps that an applicant goes thru in renewing their business permit to two compared to the DTI-DILG standard of five steps: (1) filing and assessment, and (2) payment and receipt of business permit and clearances. Applicants were no longer required to fill-up application forms. *For business renewal*, the applicant provides the TIN and name of the company or business owner. The BPLO checks from the database compliance of the business establishment with the requirements of the regulatory offices. If there are no positive findings, i.e. no violations and had complied with all the requirements, the applicant pays the business taxes and fees and claims the business permit. For details see Figure 2.

[3] Step 1 of the 2-step process in Batangas City involves application filing and assessment of business taxes while Step 2 covers payment and claiming of permits and clearances.

Figure 2.
Business Permit Application Process in Batangas City, 2014



For new business, applicants provide information through an interview process. The BPLO retrieves from its database the occupancy permit issued to the applicant by the City Building Official. BPLO encodes the information in the database. Then, the applicant pays the business taxes and fees and claims the new business permit.

Instead of the client engaging with departments and agencies, the paperwork is processed through efficient backroom operations inside the BOSS (discussed in the next section). As an improvement from the 2013 process, applicants no longer go through the Public Assistance Desk (PAD) to have their documents checked or cleared. Beginning 2014, this step has become optional. Applicants will go to the PAD only if they have questions, thus, preventing build-up at the entrance of the BOSS area

Reduced Number of Signatures. Similar to 2013, the Mayor and the BPLO are the signatories in the business permit certificate. Also, the city government still made use of electronic signatures so as not to make the issuance of the permit dependent on the presence of the said officials.

Limited Requirements. The city government also further cut down on the requirements that applicants had to present. For new applications, clients no longer need to present any document to the city government, except if they are a lessee or a market stallholder. The BPLO can already access the records of establishments that have been issued Occupancy Permits. Per agreement, the City Engineer's Office provides the BPLO up-to-date information for encoding the central database. For renewals, the applicant is required to submit the *barangay* clearance and ITRs. In addition, health cards of at least two employees are required if the business is a food establishment or if it is located inside a mall. The ITRs, as before, would serve as the basis for computation of taxes owed to the city government.

Table 5.
BPLS Process Indicators for Batangas City, 2013- 2014

BPLS Process Indicators	New Business Registration			Renewal of Business Registration		
	2013	2014		2013	2014	
	Assessment	Target	Assessment	Assessment	Target	Assessment
Forms	1	0	0	1	3	0
Steps	3	2	2	3	2	2
Signatories	2	2	2	2	2	2
Required Documents	3	0	0	4	2	2
Elapsed/ Processing Time	3 hours, 21 minutes	1 hour, 30 minutes	1 hour, 35 minutes*	5 hours, 38 minutes	1 hour	1 hour, 27 minutes**

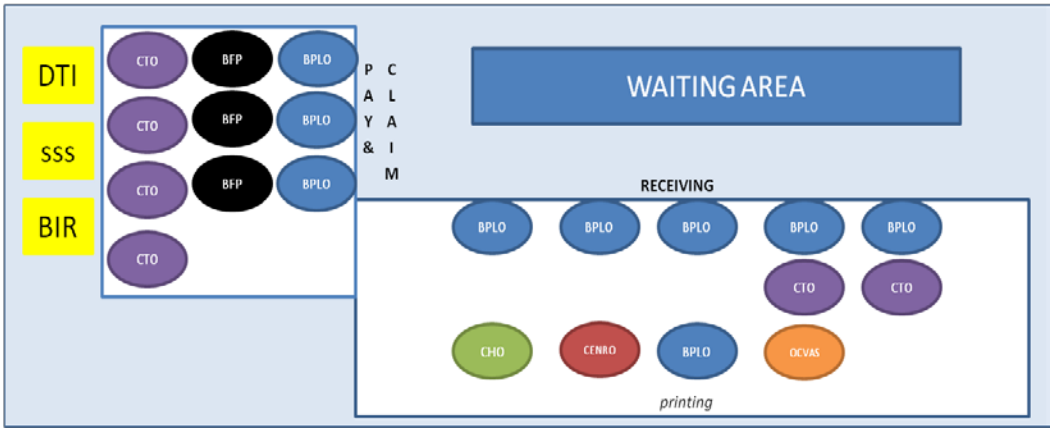
*Average processing time based on 20 tracked applicants (new registrations).
**Average processing time based on 20 tracked applicants (permit renewals).

Processing Time. The city government was able to process new applications and renewals in less than 2 hours on average (one hour and 35 minutes for new applications and one hour and 27 minutes for renewals). While overshooting original targets of one hour and one hour and thirty minutes for renewals and new applications, respectively, this is still a marked improvement from previous years, including the 2013 renewal period.

C. Enhanced 2014 Business One-Stop Shop

Figure 3 provides a schematic diagram of the Business One-Stop-Shop (BOSS) that includes the internal backroom operations. Just outside the main BOSS facility, national agencies are also present. DTI facilitates registration of new businesses and application of business names while SSS and BIR provide information in case applicants require assistance.

Figure 3.
Business One-Stop-Shop Facility in Batangas City, 2014



From the client's perspective, a separate Pay and Claim area was created in the BOSS in 2014 to clearly distinguish the two-step process for securing a Mayor's permit (refer to Figure 4). When the system calls the queue number of the applicant, he then proceeds to the

receiving area, where BPLO staff initiates the process. When it is time to pay taxes and fees, the applicant moves to the other side of the BOSS area. As mentioned, the BOSS set-up of the city government is convenient for clients because processing is undertaken at the backroom, without involving the client. In the typical BOSS in other cities, the client moves from one table to another with the papers for approval of the different city departments represented in the BOSS.

Figure 4. BOSS Facility from the Applicant's Perspective

Receiving Section	Pay and Claim Section

Figure 5 shows the backroom operations in detail. For assessment and billing, the CTO and BPLO work hand in hand in computing the business tax and fees based on the figures on gross sales provided by the applicant and verifying the information from the ITRs. Once the Treasurer's office has assessed and printed the Tax Order of Payment, the Bureau of Fire Protection (BFP) does the same to compute for the fire safety inspection fees and other Fire Code-related fees for applicable establishments. The printing of permits and clearances also follows an 'assembly line' approach with BFP printing the Fire Safety Inspection Certificate (FSIC), followed by clearances from the CHO, CENRO, OCVAS (if applicable), then finally, BPLO for the Mayor's permit. All the printed clearances are then provided to the applicant upon payment of the tax and fees due.

Figure 5.
BOSS Backroom Operations, 2014

Another positive observation is the city's efforts at providing adequate information to its constituents. The image on the right shows various useful information messages to the clients provided at the entrance of the facility beside the PAD. These provide steps to be followed by applicants, requirements for each transaction type, and expected service standards (processing time) in compliance with the Anti-Red Tape Act of 2007.

C. Impact of the Reforms

Table 6 provides comparative data on the number of applicants as well as business-related revenues generated for 2013 and 2014.

Table 6. Number of Applicants and Revenues of Batangas City, 2013- 2014

Transaction Type	Number of Applicants				Revenues (in Php Million)		
	Jan. 2013	Jan 2014		% Growth 2013-2014	Jan 2013	Jan 2014	% Growth
		Walk-In	Online				
New	628	128	0	-79.6%	199.76	208.70	4.5%
Renewal	4,432	5,241	41	19.2%			
Total	5,060	5,369	41	6.9%			

Number of Applicants. The 2014 renewal period saw an uptick in renewals, a 19.2 percent increase from the same period in 2013. Officially, there were significantly more new business registrations in 2013 than the current year. However, this 80 percent drop can be directly attributed to reinforced procedures in 2013. Prior to 2013, each establishment was given only one permit even if they had more than one line of business. In 2013, to further comply with the city's Local Revenue Code (adopted in 2009), the city government required the application of permits for each line of business, which resulted in a portion of establishments having multiple permits each. As such, figures for 2013 may not be readily comparable to previous years. The number of new applicants for the same period in 2011 and 2012 were 82 and 115, respectively.

Because of the significant increase in renewals for 2014, total registrations covering both new applications and renewals increased by 7% from 5,060 in 2013 to 5,369 in 2014

Business Revenues. For the renewal period in 2014, the city earned Php208.7 million in revenues from it business registration collections – a 4.5 percent increase from the same period in 2013.

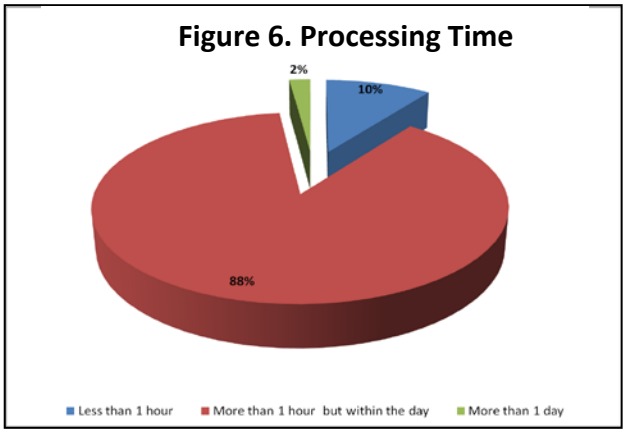
Client Feedback and Testimonials. Overall, feedback from clients was positive. Most of those who gave written or verbal comments remarked that the processing time for 2014 was significantly shorter than in previous years. ABS-CBN Southern Tagalog TV Patrol included a segment on the city's BOSS in its January 8, 2014 episode, which showed a client satisfied with the speedy processing of renewing his business' permit.
The city government also undertook live unedited interviews with two randomly selected BPLO clients on January 11, 2014 to solicit their feedback on the process. The respondents also expressed satisfaction at the faster processing time and courteous service, as well as the city government's move to open the BOSS during weekends during the renewal period.

Feedback from clients who took time to voluntarily answer feedback forms provided by the city government noted, among others, the fast processing times, convenient facilities, courteous staff, efficient technology systems, and simple processing steps.

While the results were mostly on the positive side, a number of respondents provided comments recommending improvements. Some reported delays in processing times. It was observed that in certain cases, the system encountered technical difficulties, including computer server issues. Some proposed physical improvements such as putting adequate window holes in receiving counters for better communication and improving restroom facilities. In few instances, clients reported discourteous service.

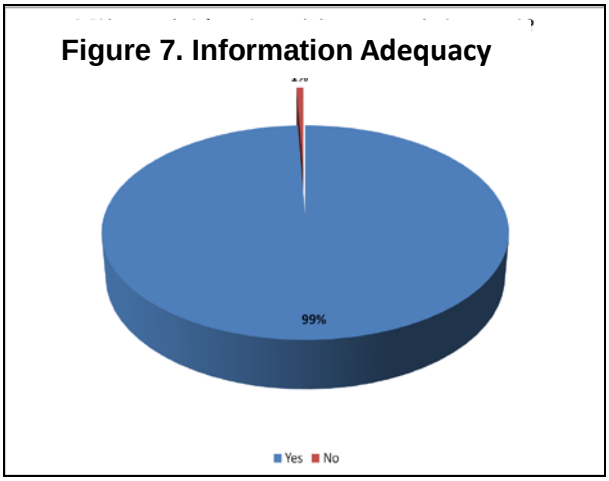
D. Results of the 2014 Customer Satisfaction Survey

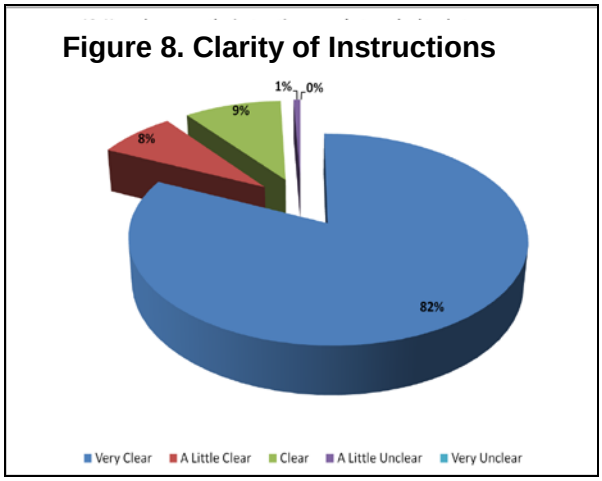
The INVEST Project hired two independent interviewers to conduct exit interviews to 300 randomly selected participants, with approximately equal representation from males and females (143 males and 157 females). This activity only covered applicants with single transactions, particularly, the renewal of business permits. The results of this assessment exercise seem to corroborate the overwhelmingly positive feedback discussed in the previous section.



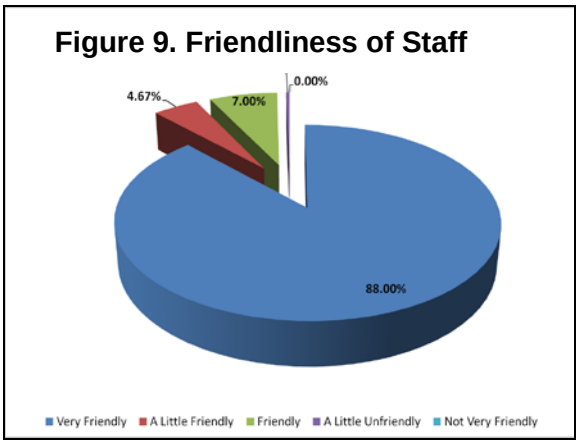
Processing Time. 88 percent reported that they were able to finish the process beyond one hour but within the day. On the other hand, 10 percent said that they were able to process their permits in less than one hour. These may have been clients that arrived at the BOSS early in the day. It was observed that clients who applied at an earlier time experienced faster processing times in general. The 6 people (2 percent) that reported getting their permits after more than 1 day perhaps paid and claimed their permits on a different day.

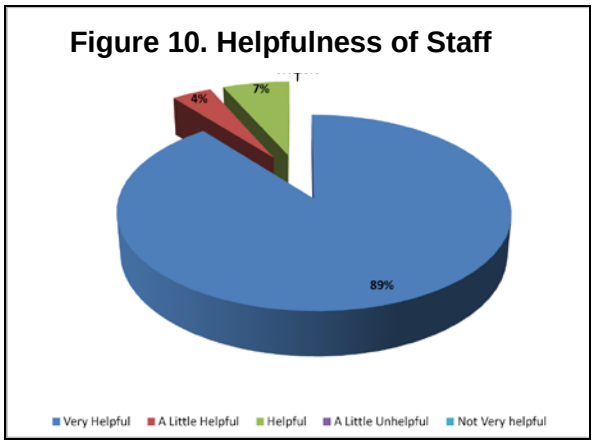
Instructions and Information. Figures 7 and 8 are concerned with adequacy of information and clarity of instructions. 99 percent of respondents answered that they were able to get the required information to renew their permit while the same percentage (99 percent) reported that instructions were clear with varying levels of clarity; majority (82 percent) said that instructions were "very clear."



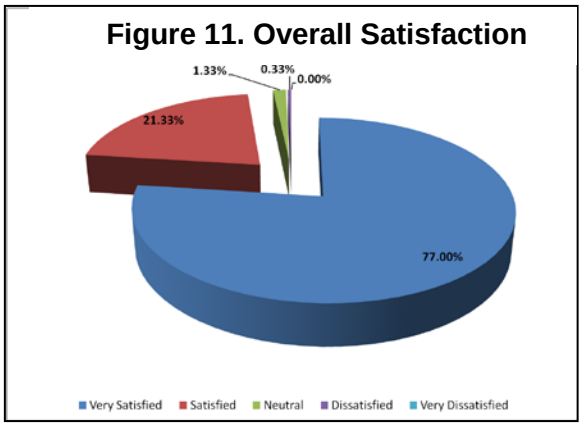


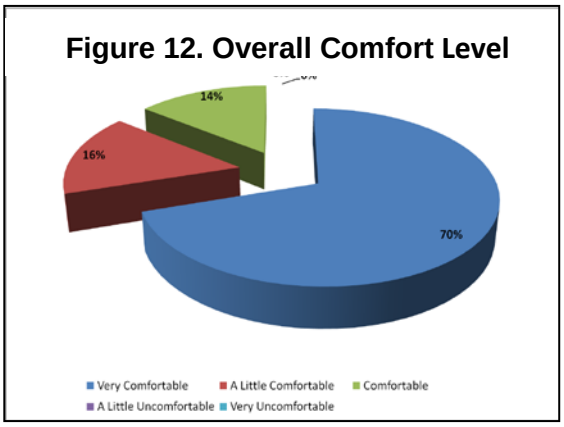
Customer Service. Results (see Figures 9 and 10) show that clients seemed pleased with the service provided by the staff. 99.67 percent reported that staff were friendly with varying levels of friendliness; 88 percent mentioned that they were "very friendly." On the other hand, 100 percent said that staff were helpful with 89 percent indicating that they were "very helpful."





Overall Satisfaction and Comfort. In terms of overall satisfaction (Figure 11), 99.67 percent said that they were satisfied, with 77 percent indicating that they were "very satisfied." On the other hand, 100 percent of respondents said that they felt comfortable (Figure 12) while they waited for their permits (i.e. while they were in the waiting area). 70 percent felt "very comfortable."





Perspective on Fees Paid. Figure 13 shows that 98 percent of respondents think that the fees paid for the permits were reasonable.

Going Through the Same Process Next Year. In terms of looking forward to going through the same process again for the following year, all 300 respondents reported that they were looking forward to undergoing the same process next year. While it is highly likely that the city government would have had very positive results on this question (perhaps more than 90 percent echoing previous figures), some respondents may have failed to understand what the question meant or that the exit interviewers failed to properly explain the question (i.e. some respondents may have thought that the question asked them whether they would go through the process again in 2015).

Figure 13. Reasonableness of Fees

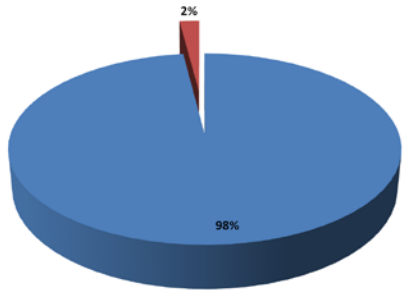
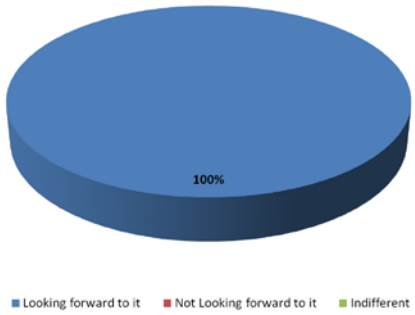


Figure 14. Perspectives on Going through Same Process Next Year



Suggested Improvements. While results of the exit interviews showed significantly positive feedback from respondents, the following summarizes areas of reform or improvement for the renewal process.

Physical facilities	• Remove chairs in the front row to make extra room for clients dealing with the various counters • Improve ventilation (add more electric fans)
Staffing and Customer Service	• Hire more 'computer literate' staff (or perhaps provide better training) to further speed up the process • Provide more staff for assessment • Be careful with BIR documents (some got misplaced)
Processing Time	• Further speed up processing time next year, especially in releasing of permits and clearances
Renewal modalities	• Make online renewal optional (instead of having just a selected group of establishments)
Fees/ Taxes	• Reduce fees/ taxes

E. Recommendations for Further Reforms

The city was successful in its streamlining efforts. While it was able to dramatically reduce the number of steps, requirements, and processing time in 2013, it was further able to make significant improvements for 2014. As reported, steps have been reduced to two, requirements have been further minimized, and processing times have been shortened to less than two hours.

Batangas City is definitely a trailblazer in this area – its streamlined permitting process can be considered as one of the best models in the country. In fact, for this year, as of this writing, it has hosted LGUs from other areas (e.g. officials and staff from other LGUs in Batangas province) who want to study their system and have been invited to present its BPLS system in various forums, including a National Competitiveness Council (NCC) Regional Roadshow comprised of 77 LGUs in the Cordillera Administrative Region (CAR). The city was also featured in the ICT Innovations Forum and the island presentation in Visayas and Mindanao organized by DILG and DOST.

Areas for Further Reforms

The current BPLS system of Batangas City, while excellent, can still be improved and will benefit from a number of reforms/ changes. This section discusses key short-term reforms that can possibly be implemented before the end of the project in partner cities (i.e. July 2014) as well as long-term proposals that can be integrated in time for the 2015 renewal period.

For the short-term, the following are proposed:

- Implement other modes of payment, including point-of-sales (PoS) credit card systems, and online payment facilities;
- Enable full automation within city hall other offices that are not currently integrated (e.g. CEO) should have the Lexsys systems installed in their systems to allow convenient electronic transmission of data (better than email);
- Improve bandwidth capacity to minimize server issues;
- Finalize and disseminate manuals for queuing and systems to concerned departments for institutionalization (in case there are staff turnovers); re-training or re-orientation of staff, especially, new personnel can also be undertaken; and
- Implement improvements to physical facilities, including putting holes in receiving windows for easier communication and improving condition of restroom facilities.

For the long-term, the following are recommended:

- Develop a system to 'connect' BFP and city government systems for easier exchange of information as well as consider the designation of the city to assess and collect fire code fees;
- Re-design the online renewal system to make it optional for 2015 and integrate such to the current Lexsys system/database;
- Implement changes to the queuing system to make the client interface more intuitive;
- Implement changes in the printing of permits and clearances to make this task faster (i.e. instead of the sequential 'assembly line' approach, enable each printer to process all city government permits/ clearances); and
- Construct the 'permanent' BOSS that will provide more durable and better facilities to staff and clients. Personnel have reported that the current BOSS is supposed to be temporary in nature with the design of the permanent structure already formulated; however, city government officials have not yet approved its implementation. If the original design is relatively too expensive, the administration may consider alternative scaled down designs as long as materials are not as weak and risky as they currently are (i.e. structure is made mostly out of wood and lacks fire exits).

V.
CAGAYAN DE ORO CITY

Among the three cities, Cagayan de Oro started with the most streamlined business processes in 2012 owing to USAID assistance provided under the Local Implementation of National Competitiveness for Economic Growth (LINC-EG). The city further deepened the reforms earlier implemented in 2013 and 2014, despite the change in administration in mid 2013. The city further shortened the steps in processing business permits, simplified the application form and expanded the BOSS to include a satellite BOSS at the mall to accommodate more people. The BOSS was more efficient and comfortable and the staff more friendly and helpful as indicated in the exit interviews conducted during the renewal period. The reforms were partly responsible for the increase in applications and corresponding revenues from business tax and fees in 2014.

A. BPLS Reforms in 2014

Cagayan de Oro city continued to improve its business permitting processes in 2014, guided by the Project's objective of increasing the use of technology in processing business related services.

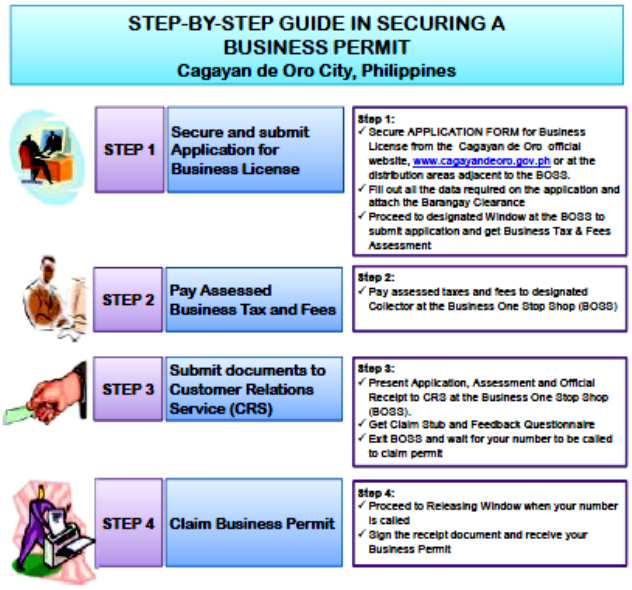
Enhancing the Streamlined of BPLS. The number of steps for business renewing their permits was reduced to three (3) by eliminating the filling-up of the Unified Application Form since the information is already in the database of the City Treasurer's Office. The steps are:

1. Secure Tax Due Worksheet or Billing – submission of a short form with name, business permit number and signature to get the billing;
2. Pay the City Treasurer's Cashier and BFP collector; and
3. Release of the Business Permit

At the City Hall BOSS, five sets of cashiers were installed: each set consisted of two cashiers from the City Treasurer's Office and a BFP cashier seated at the middle.

The City Treasurer sought to establish proper business tax computation based on the Local Revenue Code of 2003. Because of this, applicants were asked to submit the 2012 ITR, financial statements, 2013 quarterly VAT payments and previous years' receipt. The City Treasurer and two senior officials of the CTO were available to answer inquiries.

Figure 15.
Steps in Business Registration, CDO



New Business Registration: Online Submission and PBR. The registration for new businesses was basically similar to the previous year, 2013, consisting of four (4) steps: (1) applicant secures and files the unified application form (UAF): (2) pays the business taxes and fees; (3) submits documents to the customer relations service (CRS); and (4) claims the business permit. These four-step procedure is better than the standard five steps set in the JMC.

On the second week of January, the online submission of the UAF at the city website was made available. However, since the information was not widely disseminated, this option was not really used by applicants.[4]

The INVEST Project assisted the City in securing an equipment grant of Php1.1 million for the setting up of the Philippine Business Registry (PBR), the first in Mindanao and other equipment requirements at the City Hall BOSS and the Satellite BOSS. After the January registration period, the equipment was used by the inspection offices and the development of an online registration system for the city.

Except for the DOST grant, the budget was minimal since the additional expense was only for the cabling at the temporary BOSS. In 2013, upon the Project's representation, an amount of Php 1million was allotted for BOSS renovation. This was used for the renovation of the City Treasurer's Office but was not finished in time for the January 2014 renewal period.

B. Compliance with BPLS Standards

The process tracking for new business registration was done in the last week of February and in the whole month of March to complete the target of 20 new applicants. In February, the temporary BOSS was still operating at the City Tourism Hall. However, in the first half of March the City Treasurer's Office moved to their newly renovated office and the City Fire Department collector returned to their headquarters some 20 minutes away from City Hall. This meant an increase in travel time and the applicant had to go out of the BOSS. The elapsed time was 25.7 min and 59.8 min in February and March, respectively.

Reduced Steps. The clear improvement in the BPLS is the reduction of the number of steps from four (4) to three (3) in the business renewal process by eliminating the filling up of the unified application form (Table 7). Instead, a sub-step to the assessment step was introduced. A short form containing the name of the applicant, the business permit number and signature is filled up and submitted to the proper assessment window. The information is needed to retrieve the pre-printed Tax Order of Payment.

The reported number of steps for *new registration* is four (4), a step lower than the five (5) steps in 2013. Upon inquiry at the CTO about the step of securing and filling up of the UAF, the process trackers were informed that no face to face transaction was involved in securing the UAF because the UAFs were placed on a table or accessed online. Nevertheless, this is still counted as step.

[4] The city launched an end-to-end online business registration system on October 2014, the first in the Philippines, which is expected to be fully operational during the 2015 business renewal period.

Faster Processing Time. The average processing time was practically reduced by almost 50% (from 101 minutes in 2013 to 52 minutes in 2014) compared to the previous year because more payment counters were established and the more efficient backroom processing at the releasing counter. Similar to the previous year, electronic signature of the approving authority (the Mayor) was used.

The business plate was also released together with the business permit.

Table 7.
BPLS Process Indicators for Cagayan de Oro City, 2013- 2014

BPLS Process Indicators	New Business Registration			Renewal of Business Registration		
	2013	2014		2013	2014	
	Assessment	Target	Assessment	Assessment	Target	Assessment
Forms	5	1	1	5	0	1
Steps	5	4	4	4	3	3
Signatories	7	1	4	4-5	1	4
Required Documents	7	2	5	5	5	7
Elapsed or Processing Time (Ave.)	46.88 min	<1 hr	25.7 min 59.8 min	100.93 min	< 1 hr.	51.79

Added Required Documents. The new City Treasurer wanted to establish baseline information on the taxpayers in the city. Hence, he requested for records of past payments to validate the records of the city. The additional prerequisites were however considered as one-oft requirements, which will not be requested in 2015.

C. Enhanced 2014 Business One-Stop Shop

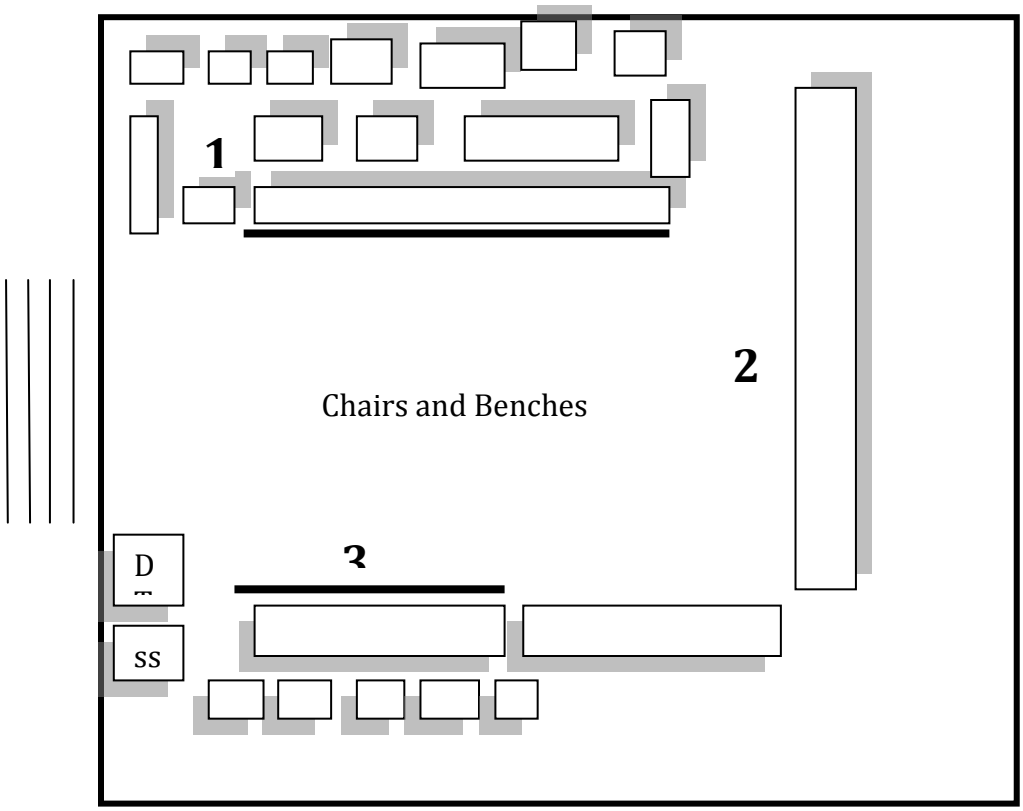
To address the relatively negative perception received in 2013 on the BOSS, the city set up a much larger but temporary BOSS at the City Tourism Hall, which was an air-condition area that accommodated all the BPLS and PBR transactions within a common waiting area. Signages indicating instructions/steps to follow and the requirements for business permit were posted at the entrance and inside the hall. Inside, the arrangement was rectangular and basically followed the sequence of the 3-step procedure of the city government, with backroom processing at the assessment and releasing steps. The shortened form was handed out at a small table, filled up at a long table and submitted at one of the ten assessment windows according to the business permit number. At off-peak days, applicants waited at the railing to get their tax due worksheet. However, on peak days, applicants crowded at the railing. There was no queuing system at this step so that people waited at the railing to be able to hear their name called. Later, a microphone was provided so that applicants could sit down and wait to be called.

Most applicants wanted to clarify the increase in the tax due. The City Treasurer and two other senior officials of the City Treasurer's Office were available for any inquiries regarding the assessment and to present their documents such as the ITR and value added tax payments. The long lines and waiting time occurred at this point especially when one of the three had to be somewhere else.

The applicant then proceeded to payment counters. There were five sets: two CTO collectors and a BFP collector for each set or ten CTO collectors and five BFP.

There were queuing systems at the payment and releasing counters. But long lines usually occurred at the assessment area when the applicants waited for their numbers to be called to get the tax due or when they requested clarification on their tax due.

Figure 16.
Lay-out of the Business One Stop Shop in Cagayan De Oro City, 2014



There were no amenities at the BOSS but a canteen operated by the city hall employees cooperative was just beside the area. The toilets were at a nearby building.

The Satellite BOSS at Robinson's operated only during the peak period because of delays in the PLDT connection. It was located at the Lingkod Pinoy Center where Social Security System (SSS), Philhealth and, even the Technical Education Skilss Development Authority (TESDA), have regular staff. A long table was provided by Robinson's for the three City Hall staff- one for tax due and two cashiers and one BFP collector. The applicant could receive their business permit at the end but needed to go to City Hall to get the business plate.

D. Impact of the Reforms

As targeted by the city, the growth in revenues outstripped that of the number of applicants. While the number of applicants rose only by 8.4%, reaching 12,076 in January 2014. However, the increase in revenues was impressive at 34.2% (refer to Table 8). The increase in revenues was due to the CTO's strict enforcement of the Local Revenue Code.

Table 8.
Number of Applicants and Revenues in Cagayan de Oro City
Jan. 2013 & Jan. 2014

Transaction Type	Number of Applicants				Revenues (in Php Million)		
	Jan. 2013	Jan 2014		% Growth (2013-2014)	Jan 2013	Jan 2014	% Growth
		Walk-In	Online				
New	554	714	0	29	269.86	362.04	34.2
Renewal	10,586	11,362	0	7.3			
Total	**11,140**	**12,076**	**0**	**8.4**			

E. Results of the 2014 Customer Satisfaction Survey

The results of the 2014 Customer Satisfaction Survey were mixed when compared to the 2013 survey. There was a slight improvement in the percentage of applicants who were "Very Satisfied" from 37.8% in 2013 to 38.0% in 2014. But those who were "Satisfied" declined from 49.5% to 45.2% and moved to the "Neutral" which increased from 10.7% to 13.6%.

Table 9.
Comparison of Service during the Application
2013 – 2014 (in %)

Service Satisfaction	2013	2014
Very Satisfied	37.8	38.0
Satisfied	49.5	45.2
Neutral	10.7	13.6
Dissatisfied	2.0	3.3
Very Dissatisfied	0	0
TOTAL	**100.0**	**100.0**

However, the applicants were more comfortable and found the city hall staff more friendly and helpful. The percentage of applicants who found the conditions in the BOSS "Very Comfortable" increased from 19.3% in 2013 to 50.7% in 2014 while those whose response was "Comfortable" decreased from 51.3% to 36.8%.

Table 10.
Comparison of Level of Comfort While Waiting for the Business Permit
2013 – 2014 (In %)

Level of Comfort	2013	2014
Very Comfortable	19.3	50.7
A Little Comfortable	51.3	10.0
Comfortable	17.6	36.8
A Little Uncomfortable	9.7	2.4
Very Uncomfortable	1.3	0.0
TOTAL	**100.0**	**100.0**

Meanwhile, the '"Very Friendly" applicants increased from 33.3% in 2013 to 45.17% in 2014 and the "Friendly" applicants decreased from 43.67% to 19.8%.

Table 11.
Comparison of Friendliness of the Staff
2013 – 2014 (In %)

Friendliness of the Staff	2013	2014
Very Friendly	33.3	45.2
A Little Friendly	48.7	5.0
Friendly	15.0	19.8
A Little Unfriendly	1.7	3.0
Not Very Friendly	0.7	1.0
TOTAL	100.0	100.0

The number of applicants who said that the staffs were "Very Helpful" increased from 42% to 45.4%. Those who said the staff were "Helpful" decreased from 45.3% to 20.57% with the balance going to the "Little Helpful".

Table 12.
Comparison of the Helpfulness of the Staff
2013 – 2014 (In %)

Helpfulness of the Staff	2013	2014
Very Helpful	42.0	45.5
A Little Helpful	11.7	22.3
Helpful	45.3	20.6
A Little Unhelpful	1.0	0.0
Not Very Helpful	0	0
TOTAL	100.0	100.0

The mixed results in customer satisfaction could be due to perception on the reasonableness of fees which declined from 67% to 64%

Table 13.
Comparison of the Reasonableness of Fees
2013 – 2014 (In %)

Reasonableness of Fees	2013	2014
Yes	66.7	64.0
No	33.4	36.0
TOTAL	100.0%	100.0

Table 14.
Are you looking forward to go thru this process again next year?,
2013-2014 (In%)

Looking Forward on Going Thru the Process	2013	2014
Looking Forward to it	93.2	93.0
Indifferent	3.2	2.3
Not Looking Forward	3.6	4.4
TOTAL	100.0	100.0

F. Recommendations for Further Reforms

The INVEST Project aimed for online business registration of BPLS beyond 2013. However, three realities called for a calibrated implementation of online registration in Cagayan de Oro: (1) the midyear change in leadership in 2013 resulted in the revamp of relevant departments and the Information Technology (IT) team; (2) limited equipment and connectivity at the city government; and (3) the strained relationship with of the Local Chief Executive with the city council. The city official website was cut off upon the assumption of new city officials in July 2013 and re-installed only in January 2014. Online submission of the unified application form for new business registration was featured; however, there was no information dissemination so that no one used the facility.

The City pursued online business registration with online payment through mobile money, which was launched in October 2014. The system will be fully operational in January 2015.

VI.
ILOILO CITY

Iloilo City, after some setback in 2013, pursued a more aggressive BPLSM reform program in 2014. The city was able to limit the number of steps in processing business permits to three steps, below the DTI-DILG standards set in JMC No. 1, series of 2010 and piloted an in-house developed online business registration system. The city's BOSS was enhanced to conform to 3-step processing of permits. The outcome was good with increase number of business renewals and higher revenues generated during the year.

A. BPLS Reforms in 2014

Streamlining procedures. Innovations were introduced in the use of the unified application Forms (UAF). For businesses renewing their permits, the city did not require the applicants to fill up a unified form. Instead the applicants were required to fill up a declaration of gross receipt (DGR) that the city used to update the existing UAF of applicants. This enhancement removed one step in the BPLS, that is, securing a UAF. This DGR was downloadable and also available on line.

Another streamlining measure introduced was the removal of unnecessary steps i.e. strict implementation of one visit per office. Backroom processing covered more offices to reduce the number of interfaces between front-line staff and the applicant. One-time assessment and one-time payment were strictly followed by the BFP and the CTO. The BFP assigned staff in the BOSS to handle the assessment and payment of fees during the renewal period. The BPLO did parallel printing and issuance of business permits upon payment.

Only one signature, the digital signature of the Mayor, was on the business permit certificate and the number of signatories/initials was reduced. The CTO/BPLO were restricted to ask applicants to come back the following day. Lastly, the Mayor and barangay officials agreed that business applicants do not need to secure/pay CTC at the barangay.

Automation/On-line Submission of Application. The city was able to set-up an online BPLS that allowed on-line filling up and submission of applications using the city website. A kiosk inside the city hall was also provided for applicants to apply on line. The assessment of business taxes and fees and the processing of approvals were emailed back to the applicants. The payment of fees is the only step that the applicants must do at the city hall to get their permits.

Client-centric Services. The lay-out of the BOSS at the CTO for renewal was improved to make it conform to a three-step process and make it truly a one-stop shop for business applicants. To address the expected overflow of applicants during peak days, scheduling of applicants and a special lane for those on schedule were provided. An on-line kiosk was also made available at the ground floor. Flowcharts and signage to guide the applicants were posted in conspicuous areas and flyers on the procedures were also distributed.

Information dissemination was also intensified using print, radio, television and facebook releases. The BOSS was open 8 am-9 pm daily since January 2, 2014 and, similar to Batangas City, also processed applications on weekends (Sat-Sun) at 8 am–5 pm. Customer-friendly service training was conducted for frontline service providers and a feedback system was set up to monitor and check service providers' performance. BPLS supervisors were also present in

the BOSS to monitor and check the progress of reform implementation and to address grievances raised by applicants.

There was a plan to set up the BOSS in a bigger venue (city gallery) but the design was not completed on time. A bigger area on the third floor of Robinsons Mall was targeted as the future site of the BOSS.

Institutional Support. The Mayor issued executive orders accompanied by implementing guidelines to implement the new BPLS reforms. The City INVEST Project's technical Working group (CIP-TWG) was re-organized and strengthened by assigning the Local Economic and Investment Promotions Officer (LEIPO) as the alter ego of the Mayor to coordinate all activities related to INVEST including the BPLS Streamlining. An Oversight Committee, composed of city representatives (LEIPO and the BPLO-OIC), business sector (represented by the Iloilo City Trade and Investment Board (ICTIB) and Iloilo Local economic Foundation (ILED)), national government agencies (led by DTI-Province and DILG City/Province/Region) and INVEST, was also organized to ensure that BPLS reforms are implemented and sustained. With the retirement of the BPLO Chief in January 10, 2014, the LEIPO was made the BPLO- OIC during the period January 15- May 15, 2014.

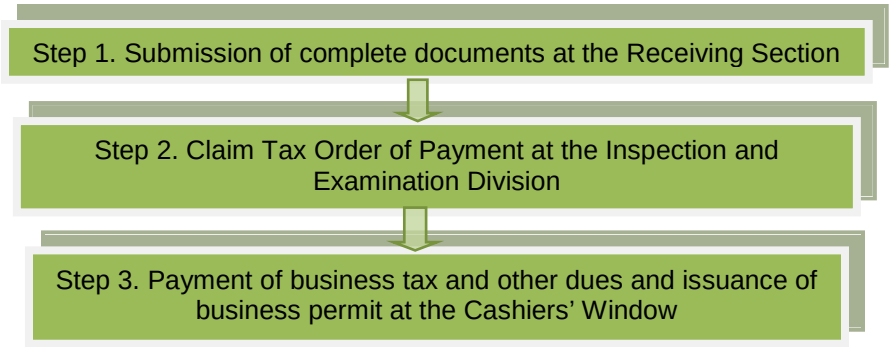
A weekly meeting with the Mayor and the TWG was conducted to ensure that the BPLS action plan would be fully implemented. INVEST reported monthly to the Mayor on the progress of the reforms while regular trouble-shooting sessions were conducted by the Organizing Committee were conducted. Third party assessment was also set-up by INVEST, representatives from the University of the Philippines (Visayas), the DTI, and DILG thru the INVEST-assisted conduct of the Report Card Survey, which monitored the city's implementation of the reforms on business permitting.

B. Compliance with BPLS Standards

Iloilo City reinvigorated its efforts in pushing for significant BPLS reforms to make it compliant with JMC standards.

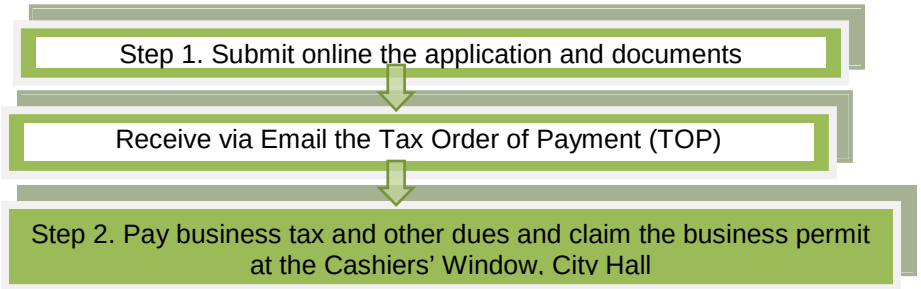
Reduced Number of Steps. The process tracking and documentation for walk-in applicants showed that the renewing applicants underwent three (3) steps in securing a business permit and four (4) steps for new applications. For renewal, having completed all the required documents, the applicants submit the documents at the receiving section for checking. If all documents passed the screening of the examiners, the applicants received claiming stub for them to get their Tax Order of Payment (TOP). Payment of the business tax and other dues and issuance of the business permit were done at the cashiers' window.

Figure 17:
Streamlined Business Permit Process (Renewal-Walk In)



For online applications, applicants went to the city government's website to apply for the renewal of business permit, submit the requirements and get the TOP via email and then pay and get their business permits at the cashier.

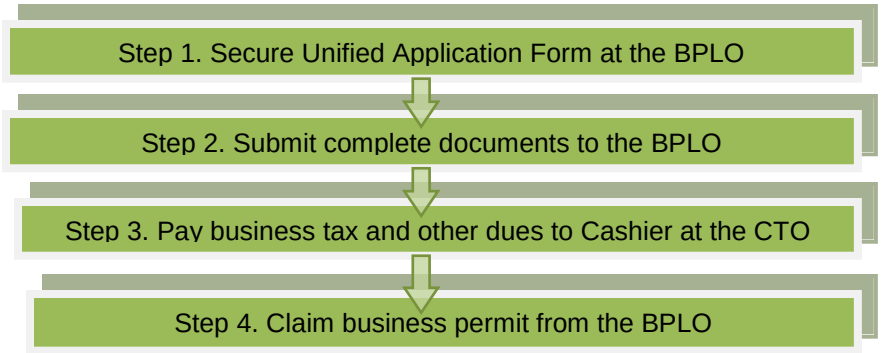
Figure 18:
Procedures for Online Renewal of Business Permits in Iloilo City, 2014



C. Streamlined Business Permit Process (New)

For new business permit applications, the applicant followed a 4-step procedure where s/he secures the unified application form from the BPLO, submits complete documents with the form to the BPLO and pays the business tax and other dues to the CTO. The on-line facility for new applications was not operational during the assessment period.

Figure 19:
Streamlined Business Permit Process (New-Walk In)



Reduced number of signatories. Only one signature, the digitized Mayor's signature, is in the business permit. However, a total of seven (7) initials were needed (1 Examiner, 4 Assessors in TOP, 1 City Treasurer and 1 BFP Representative in receipts), which are done in backroom processes.

No UAF for Renewing Applicants. No unified application form (UAF) was filled-out for renewal. However, a UAF was required for new applications. To obtain a business permit, six (6) documents were required from the renewing applicant. For renewal, these documents include: the Declaration of Gross Receipts, Barangay Clearance, prior year's Fire Safety Inspection Certificate (FSIC), previous year's Business Tax Receipt, and previous year's 4th quarter real property tax receipts plus other regulatory requirement. For new business applicants, there are five (5) requirements: Barangay Clearance, sketch of the business location, locational clearance for business, Fire Safety Inspection Certificate (FSIC) plus other regulatory requirements.

Table 15.
BPLS Process Indicators for Iloilo City, 2012- 2014

BPLS Indicators	New			Renewal		
	Baseline 2012	2013	2014	Baseline 2012	2013	2014
Steps	27	18	4	9	11	3(walk-in); 1(online)
Form	8	2	1	4	1	0
Signatories	27	4	1	13	2	1
Required Documents	6	5	5	6	6	5
Elapsed/ Processing Time	About 2-3 days	17 days	Walk in: 1 hour	3 days	1 and ½ days	Walk in: 1 ½ hours to 4 hours Online: less than an hour to 1 ½ hour

Faster Processing Time. The applicants spent an average of 1 hour and 36 minutes to process business permit during off-peak days, compared to 4 hours and 4 minutes to process during the peak days. The average time for both peak and off peak was close to 3 hours. Waiting time during peak days is estimated at about 4 hours compared to about an hour and a half on non-peak days. The average waiting time for peak and off peak is 3 hours.

For 2014, the Iloilo City government's BPLS was compliant to and even surpassed the JMC standards. However, it failed to meet its own targets in terms of processing time.

Table 16.
Comparison of Target versus Actual Indicators, BPLS 2014

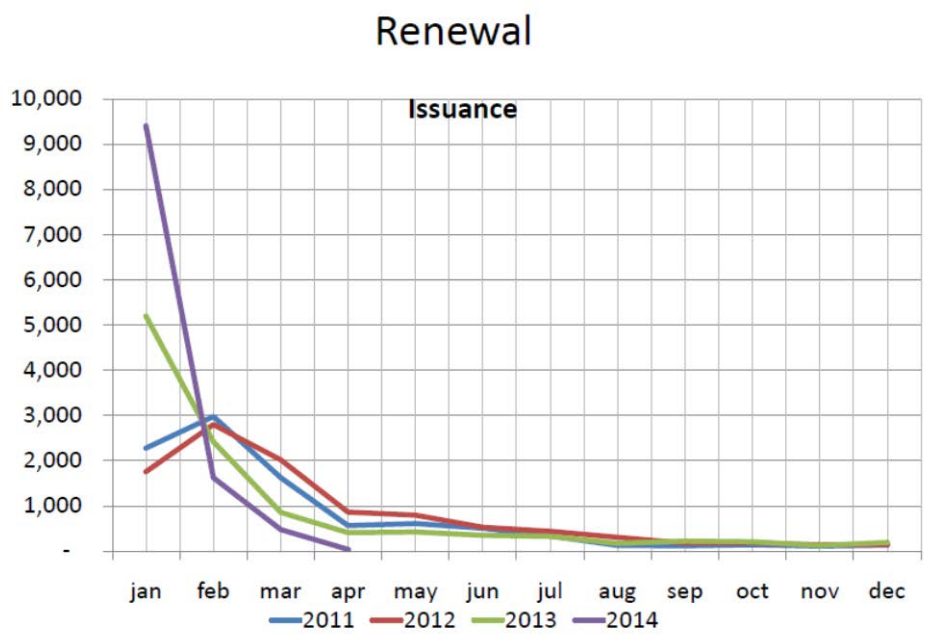
BPLS Process Indicators	New Business Registration			Renewal of Business Registration			
	2014			2014			
	Target (Walk In)	Actual (Walk In)	Target (On-Line)	Target (Walk In)	Actual (Walk In)	Target (On-Line)	Actual (On-line)
Forms	1	1	1	0	0	0	0
Steps	4	4	2	3	3	1	1
Signatories	1	1	1	1	1	1	1
Required Documents	5	5	5	6	6	5	5
Elapsed/ Processing Time	1 hour 30 minutes	1 hour	40 mins	1 hour 25 minutes	2 hours 50 minutes*	10 minutes	1 hour 8 mins **

*This is the average. For off peak: 1 hour 36 mins and Peak: 4 hours 4 mins
**This is the average. For off peak: 44minutes and Peak: 1 hour 33 mins

D. Impact of the Reforms

The number of business registration renewals increased by a remarkable 72% in January 2014 compared to the same month in 2013 (refer to Figure 10). Unlike in previous years when only half of the applicants renewed their permits in January, this year most of the business establishments in the city renewed their permits during the renewal period, as shown by the huge number of applicants in January 2014 in the figure.

Figure 20.
Compliance of Businesses Renewing Applications During Renewal Period



Revenues rose by 8.2 % in 2014 reaching Php208.1 million (refer to Table 16).

Table 17.
Number of Business Renewals and Revenues in Iloilo City, 2013-2014

Transaction Type	Number of Applicants				Revenues (in Php Million)		
	Jan. 2013	Jan 2014		% Growth (2013-2014)	Jan 2013	Jan 2014	% Growth
		Walk-In	Online				
New*	4	8	0	100	192.26	208.1	8.2
Renewal	4,693	7,758	314	72.0			
Total	**4,697**	**7,766**	**314**	**72.0**			

*****_New business applications are not usually entertained during the business renewal period in January._

E. Results of the 2014 Customer Satisfaction Survey

Figure 21 presents the results of the survey on clarity of instructions given to applicants. Out of the 300 applicants, 146 or 49% answered that the instructions were clear; 98 or 33% said instructions were very clear; and 48 or 16% said a little clear. Seven said instructions were a little unclear and only one said that the instructions were very unclear.

Figure 21. Clarity of Instructions

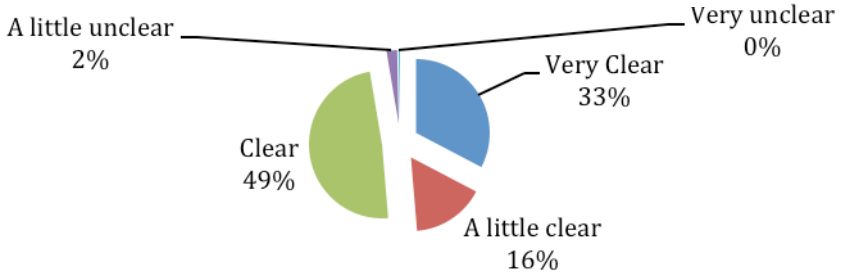


Figure 22 indicates the level of satisfaction of the applicants with the service during the renewal period at the BOSS. About 21% were very satisfied with the service, which was perceived to be far better compared to previous years while 46% applicants were just satisfied and 26% were neutral. There were still 24 applicants who were dissatisfied with the service especially in steps 2 and 3 because of the slow process.

Figure 22. Client Satisfaction

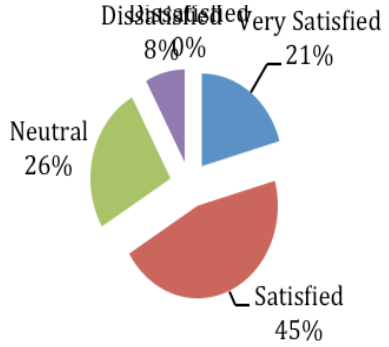
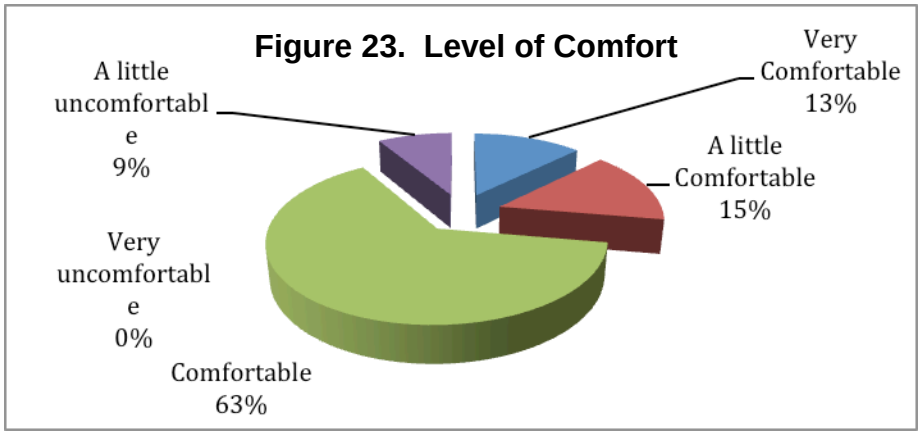
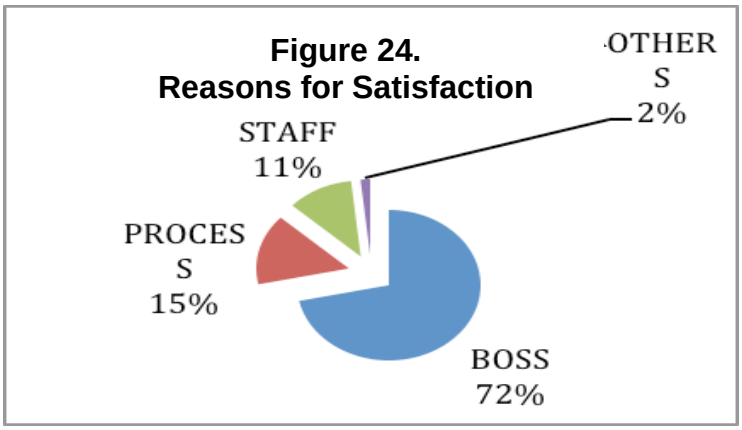


Figure 23 shows the level of comfort of applicants while waiting for their business permit. About 13% felt very comfortable but the majority (64%) were just comfortable. An estimated 15% felt a little comfortable while 8% felt a little uncomfortable.



Various reasons were cited why the applicants felt comfortable while waiting. These were classified to three: the system, the BOSS and the frontline services. As shown in Figures 24 and 25, satisfaction and dissatisfaction were primarily based on the BOSS and the process. Applicants felt comfortable mainly because of the availability of seats, air conditioned room and a TV for entertainment.



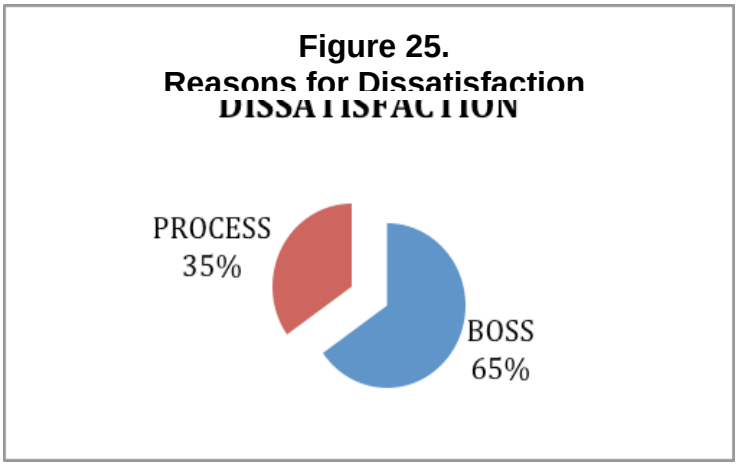


Figure 26 shows the perceived friendliness of front-liners towards applicants in the BOSS. Among the 300 applicants, 60% said that the front-liners were friendly while 22% said the front-liners were very friendly. Only about 15% said that front-liners were a little friendly and another 2% claimed that they were a little unfriendly. It was in step 1 (BPLO) and step 2 (W1) where staffs were perceived to be unfriendly during the non-peak days and peak days. The front liners were not smiling, not approachable, raised their voices, and tend to be sarcastic in answering the client's questions, as reported in the survey.

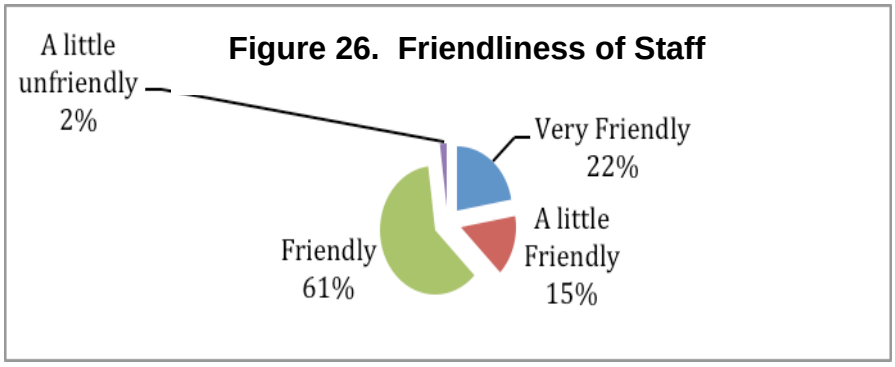


Figure 27 shows the helpfulness of the staff. About 53% of respondents said the staff were helpful while 29% claimed that the staff were very helpful. There about 51 respondents (17%) who noticed that the staff were a little helpful, and a small 1% mentioned that the staff were a little unhelpful. It was in step 2 where respondents said that staff were not very helpful because the front liners did not give proper instructions to their clients.

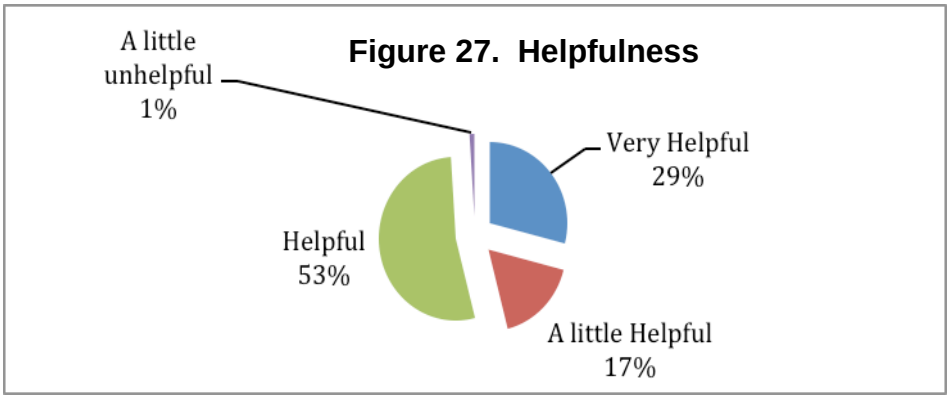


Figure 28 shows that there were 234 applicants or 78% of the respondents who think that the fees were reasonable while 66 applicants or 22% think that the fees were not reasonable because of high garbage fees and corporate tax. The latter was probably caused by the observation that examiners from the city government did not approve applications that declared lower gross receipts compared to their last year's declared gross receipts, forcing applicants to change the declared gross receipts.

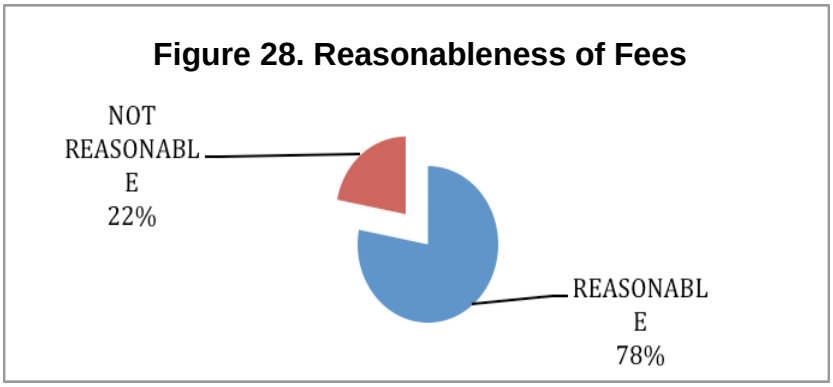
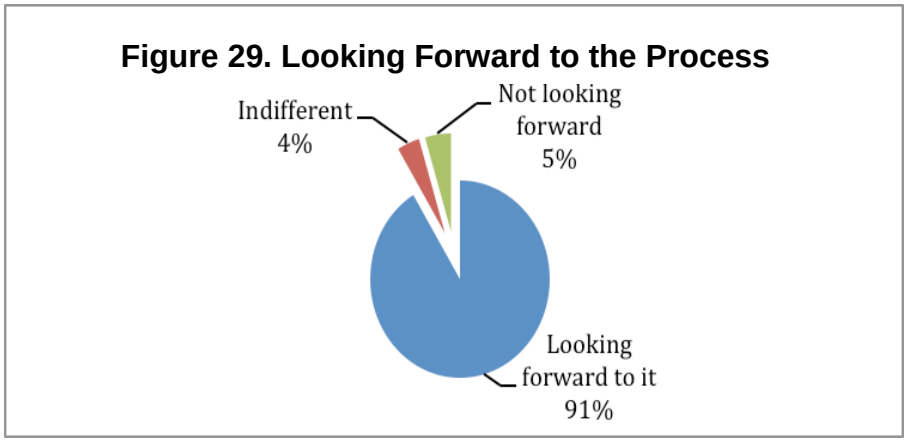
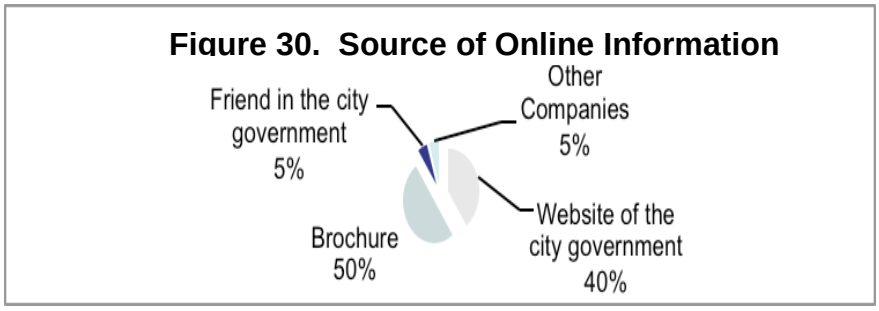


Figure 29 shows that the majority of respondents (91%) looked forward to go through this process again next year with 5% in the negative.



Renewal Process (on-Line). Interviews were also conducted to those who renewed their businesses on line. Like the walk-in applicants for renewal, information dissemination on on-line facility was lacking. Figure 30 shows that 10 out of the 20 online applicants have heard about the on line process from a brochure that was given inside the BOSS area; 8 of the applicants have seen it on the city government website; 1 applicant have heard it from a friend on the city government and an applicant was told about this process by other companies. Despite the limited information campaign, all the applicants said that the instructions from the brochure and on the city government website were clear.



According to the respondents, 12 out of the 20 online applicants said that the process they went through in registering online include filling up a form and submitting it on the internet. After a few seconds, they received a confirmation saying that their application form had been submitted successfully. A total of 3 applicants stated that they entered the gross sales, account number, and type of business in registering online. Three more applicants said that they waited for an average of 8 to 12 hours before they received the response of the city government website. One applicant was told to go to the CTO to have his/her fees computed since the business in a non-profit organization and lastly, an applicant received a confirmation telling him/her that the application form was submitted and for him/her to wait for the city government website's response.

Figure 31 shows that six applicants said that it took them an average of 5 to 10 minutes in submitting the application form while 13 applicants said that it took 1 to 2 seconds, and 1 applicant said that he/she waited for a minute in submitting her application form.

Figure 31.
Time Spent to Submit Application

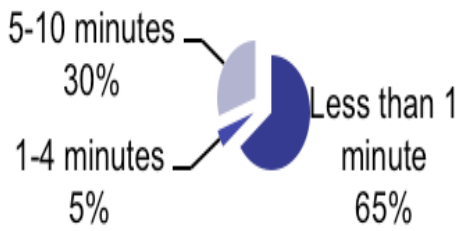
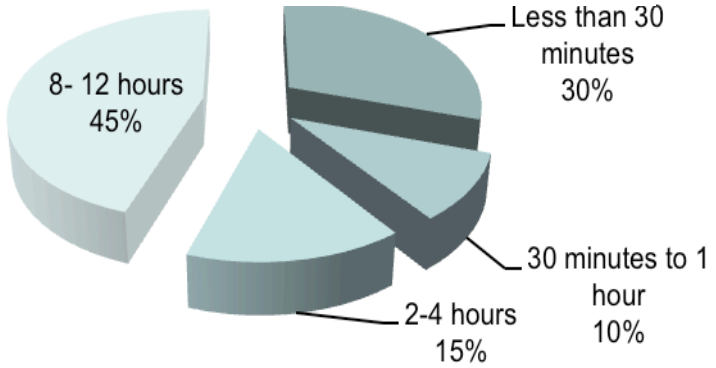


Figure 32 shows that eight (8) out of the 20 applicants waited for an average of 8 to 12 hours, four (4) applicants said that it took them 1 to 4 hours, seven (7) of the applicants waited for 10 to 30 minutes, and one (1) applicant waited for 1 day before the city government responded.

Figure 32.
Processing Time (Backroom)



Because of the ease in applying on line, all of the applicants wanted to go through the on line process again next year. All of them think that the online registration can still be improved.

The special lane for the online applicants was crowded. They noted that:

- Persons with Disabilities, senior citizens, pregnant women, and online applicants assisted in only one window; the online applicants are not prioritized;
- Online applicants were referred to other windows because the assigned window was busy with the senior citizens;
- There were not enough chairs in the BOSS area; and
- Most of the applicants in the BOSS were not aware of the online registration option.

Their suggestions for improvement are as follows:

- Promotion of the online registration;
- Sending letters to all business establishments informing them about the online registration;
- Making all transactions online so that it will be convenient for the applicants.
- Allow credit card payment/online payment;
- Issue a valid business permit that can be printed online.
- Set-up a wider BOSS area and a separate window for online applicants
- In case of mistakes in the online registration, submitted application forms can be edited so that the client will not repeat its process all over again.
- Use the priority number in order (first come, first serve basis); and
- Issue a number as a proof that the applicant have paid and at the same time as a claim stub for the permit.

F. Recommendations for Further Reforms

For 2014, the Iloilo City government was able to surpass the JMC standards. However, there is a need to sustain the positive efforts and improve performance especially in setting up a more business friendly BOSS. The following recommendations were raised:

1. Further Process Streamlining

a. The BPLS (walk in) can be further streamlined by cutting the number of face-to- face interaction. This includes:

   - Putting Steps 1 (submission of complete documents and checking of gross receipts) and 2 (assessment and computation of TOP) together.
   - Do away with securing the UAF for walk-in new applicants as a step.

b. Cutting steps at the backroom. This includes removal of non-business registration related requirements such as the RPT verification and other CTO processes, as a compliance mechanism in business permits.
c. For new applications, the strict enforcement of the pre-inspection of the Zoning and BFP prior to securing the UAF and post inspection of the CTO, BPLO and CHO.

2. Automation of Processes

While the city was able to introduce the on-line application and on-line submission, which is possibly the first in the country, it was able to run it only for two weeks during the renewal

period. It was only able to set up the kiosk on the second week of the renewal period. The system bogged down on the last week of the renewal period. Because of limited information dissemination, only 450 applicants were able to use the facility and only 315 successfully completed the renewal of their business permits online. There is therefore a need to upgrade this system and to expand it to cover online assessment, online payment and online printing of business permits.

The BPLO (walk-in) is not electronically linked with the other city departments and thus the need for runners, which was one of the reasons for delays (and even an opportunity for fixers). The manual use of verification and the constant lag in the system used by the City Treasurer's Office delayed the processing of the applications. Automating the entire BPLS through systems review and upgrading should be done. Staff training and compulsory use of automated system by the concerned departments involved in business permitting should be imposed.

The following are recommended to improve the system:

a. Hiring of an ICT expert group that will help the in-house city IT in developing a more reliable "end-to- end" online registration system;
b. Conduct capacity building for the in-house IT department in managing current and future facilities;
c. Conduct capacity building for the BPLO staff on e-readiness and facility management;
d. Use google maps as at tool in processing applications for locational clearances instead of relying solely on zoning inspection;
e. Updating the database of concerned offices, including business, zoning and tax maps;
f. Exploring the use of uploadable electronic images of requirements and downloadable approval/printable business permits equipped with appropriate safety measures;
g. Exploring Electronic Payment and Collection Systems (EPCS) for mobile and off-site payment (banks and other collecting agents);
h. Upgrading the computer system of the city and ensuring the installation of back-up systems in case of rundown;
i. Studying the use of online payment facilities such as credit card payment and mobile payments;
j. Consider issuing a valid business permit that can be printed online;
k. Improving the current online facilities
l. Intensifying information dissemination and exploring more effective means of communicating reforms to the public.

3. Client-centric Services

The setting up a BOSS during the renewal period was already an achievement of the city. The city should consider a year-round BOSS to cater to the new business applicants and to delinquent renewing business applicants.

The BOSS should be bigger to accommodate a greater number of applicants. It should be transferred from the CTO office to a more spacious area that will be managed by the BPLO. A new a better lay out and process flow can be designed to make the BOSS more effective and efficient. The process flow chart should be improved in terms of content (indicate the process, office, location, person in charge and other necessary information) and size (larger and bigger fonts) and should be placed inside the BOSS to guide the applicants.

Most applicants were no informed about the scheduling of application by batches and thus, while this initiative was a good concept, very few used this as an option. There is a need to intensify information dissemination and explore more effective means of communicating reforms to the public. This includes sending letters or email blasts to all business establishments to encourage them to apply by schedule or apply online.

Queuing was not orderly because the documents (marked using claim stubs) were not released in chronological order. Digital queuing was not optimized as only numbers of those for payment were flashed in the monitor. There should be a separate digital queuing monitor for release of TOP.

Other suggestions to improve the BOSS are presented below:

a. Continuous customer friendly training among these employees, especially the frontline service providers;
b. Improving the processes involved in the assessment of taxes due (i.e. the issuance of TOP) which seems to be the bottleneck in the 2014 business renewal period, including adding manpower to process the TOP and accept payments;
c. Assign additional cashiers to cater online applicants, senior citizen, pregnant and PWD's to avoid build-up of applicants waiting in front of the designated window;
d. Set up a special lane for senior citizen, pregnant and PWD's in Step 1
e. Use the whole area of the television monitor to reflect the number that is being served to give signal to other applicants of their turn.
f. Assign a person to take charge of crowd control in the BOSS area;
g. Set up a satellite BOSS area possibly in the mall;

4. Organizational Support

The main reason for the success of the BPLS in 2014 was the mayor's leadership and oversight. The support of the Oversight Committee, which was responsible for monitoring the implementation of the BPLS and giving immediate feedback to the chief executive and supervisors, helped in ensuring that the various city government departments would pursue reforms. However, it would be difficult to sustain the reforms if the city officials will continue to resist and insist in practicing "old" procedures.

To address the above, the following are recommended:

a. Strengthen the BPLO to manage the BOSS and the BPLS and explore possibility of making the BPLO a department within the next three years;
b. Appoint an Oversight Committee assistant chairperson who will preside the group when the mayor is not available;
c. Continue the operations of the Oversight Committee which should conduct an organizational and operational audit of the BPLO and BPLS TWG to strengthen management capacities;
d. Intensify inspections by the BPLO to cover not just new but also those operating without permits;
e. Formulate ordinances that provide sanctions to erring businesses;
f. Institute measures to enhance the city's collection of real property taxes (RPT) to enable it to deviate from using the business permit as a compliance mechanism. This will involve regular inspection of business establishments to verify veracity of information

submitted to the city and the use of third party information such as the SEC i-View and the exchange of information with the regional offices of the Bureau of Internal Revenue;

g. Intensify the involvement of business groups, NGAs and academe in the conduct of continuous information, education and communication on BPLS reforms;
h. Work out an arrangement with the BFP to incorporate the assessment of fees for FSIC with that of the city's business tax assessment;
i. Conduct continuous training, coaching and mentoring of BPLS leaders and staff.

5. Future Direction

Iloilo City Government shall strive to have a BPLS that meets the quality management standards of ISO 9001.

VII.
CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER REFORMS

The INVEST partner have come a long in the implementation of BPLS reforms. The partner cities have attained their vision to surpass the JMC standards. Indeed, a remarkable improvement in their business registration can be seen and observed in all cities. Now is the time to elevate the bar of the JMC standard to new heights. These cities have proven their dedication and capability to implement significant BPLS reforms so it is not unrealistic expect more from them. In addition to the future BPLS reforms for each city, the partner cities should strive to do the following:

- Formulate and implement an online business registration system with online payment feature so that businesses can renew their business permit in 20 minutes without leaving the comfort of their office;

- Computerize an integrated database of various regulatory office to be used in the BPLS inspection system;

- Capacitate the BPLS personnel including inspectors from the BPLO, CTO, BFP and other regulatory office to be customer friendly;

- Establish a functioning Joint Inspection Team/s similar to what Batangas City did with complete manual of inspection and trained composite full time inspectors; and

- Secure institutional support from the local chief executives, the local legislature (*Sanggunian Panlungsod*), NGAs and other sectors that provide technical and financial support.

ANNEX 1.
COMPARATIVE SATISFACTION RATINGS BY CITY
2012-2014

1. **Clarity of the Instruction on Business Permit Application & Renewal**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**
1 - Very Clear	52	70	82	*	45	33	*	56	54
2 - Clear	36	25	8	*	35	49	*	31	33
3 - A Little Clear	10	4	10	*	15	16	*	7	11
4 - A Little Unclear	0	1	1	*	5	2	*	5	2
5 - Very Unclear	2	0	0	*	0	0	*	1	0

Note: *Iloilo & CDO - No Table for Clarity of Instructions for 2012

2. **Satisfaction with LGU Services on Business Permit Application**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Very Satisfied	30	55	77	26	28	21%	51	38	38
2 - Satisfied	54	29	21	62	57	46%	47	49	45
3 - Neutral	14	14	1	12	13	26%	2	11	14
4 - Dissatisfied	2	2	0	0	2	8%	0	2	3
5 - Very Dissatisfied	0	0	0	0	0		0	0	1

3. **Level of Comfort While Waiting for Business Permit**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Very Comfortable	34	36	70	12	29	**13**	70	19	51
2 - Comfortable	34	55	16	78	37	15	21	51	34
3 - A Little Comfortable	18	7	14	4	23	64	7	18	10
4 - A Little Uncomfortable	14	2	0	2	11	9	2	10	2
5 - Very Uncomfortable	0	0	0	4	0	0	0	1	1

***CDO 2013 - 1% - No response**

4. **LGU Staff's Friendliness During Application Process**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Very Friendly	46	57	88	28	37	22	70	33	45
2 - Friendly	32	34	5	66	41	15	28	49	34
3 - A Little Friendly	22	9	7	*	19	60	0	15	20
4 - A Little Unfriendly	0	0	0	*	3	2	2	2	1
5 - Not Very Friendly	0	0	0	*	0	0	0	1	0

5. **Time Spent in Renewing Business Permits**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Less Than 1 Hour	0	8	10	0	1	7%	43	27	40
2 - More than 1 Hour But Within the Day	2	40	88	8	28	87%	34	60	38
3 - More than 1 Day	98	52	2	92	71	6%	23	13	22
TOTAL	100	100	100	100	100	100	100	100	100

6. **Reasonableness of Fees Imposed by LGU for the Renewal of Business Permits**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Yes	84	96	98	76	73	78	66	67	64
2 - No	16	4	2	24	27	22	34	33	36
TOTAL	100	100	100	100	100	100	100	100	100

7. **Expectation for the Following Year's Business Permits Renewal Process**

Evaluation Rating Scale	Batangas			Iloilo			Cagayan de Oro		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
1 - Looking Forward To It	94	97	100	96	87	91	96	93	93
2 - Not Looking Forward To It	2	2	0	0	6	5	4	3	4
3 - Indifferent	4	1	0	4	7	4	0	4	3
TOTAL	100	100	100	100	100	100	100	100	**100**