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Business Inspection Reform Agenda of the Cities of Batangas, Iloilo and Cagayan de Oro: Results of the Workshops on the Setting-Up of Business-Friendly Inspection Systems

Investment Enabling Environment (INVEST) Project

Submitted to:

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LIST OF ACRONYMS

BFP	Bureau of Fire Protection
BPLO	Business Permits and Licensing Office
BPLS	Business Permit and Licensing System
BRR	Business-Related Registration
CENRO	City Environment and Natural Resources Office
CEO	City Engineering Office
CEPO	City Environmental Permit to Operate
CNC	Certificate of Non-Compliance
CPDO	City Planning and Development Officer
CTO	City Treasurer's Office
DOLE	Department of Labor and Employment
ECC	Environmental Clearance Certificate
FSEC	Fire Safety evaluation Certificate
INVEST	Investment Enabling Environment Project
LGU	Local Government Unit (LGU)
LINC-EG	Local Implementation of National Competitiveness for Economic Growth
NBRR	Non-Business-Related Registration
NGAs	National Government Agencies
OBO	Office of the Building Officer
SWM	Solid Waste Management
USAID	United States Agency for International Development

I. INTRODUCTION

Inspection is an integral part of the business permitting process that is usually undertaken to ensure that a business has complied with regulatory requirements that serve to protect public interest and welfare. Businesses are required to undergo several types of inspections when they apply for a business permit (more popularly known in the Philippines as the Mayor's Permit). These business registration-related inspections (BRR) consist of: (1) zoning inspections which are usually undertaken by the City Planning and Development Office/Department (CPDO) in accordance with local zoning ordinances; (2) health and sanitary inspections which are required by the Sanitary Code of the Philippines (Presidential Decree 856) as part of the process for securing a sanitation permit; (3) fire inspections for the issuance of a fire safety inspection certificate required under the amended Fire Code of the Philippines of 2008. In addition, the Business Permits and Licensing Offices (BPLO), the City Environment and Natural Resources Office (CENRO) and the City Treasurer's Offices (CTO) of local government units (LGUs) may also conduct inspections either as a precondition for issuing business permits or as part of their monitoring functions.

Business establishments that construct or renovate their office spaces are also subjected to several kinds of inspections. These inspections are often misconstrued as part of the business permits process. These include those that are related to securing the building and occupancy permits required in the National Building Code of the Philippines. In this report, these "non-business registration-related" (NBRR) inspections include electrical, plumbing and mechanical inspections that the Implementing Rules and Regulations (IRR) of the Building Code require before a building and/or occupancy permits can be granted. Annual building inspections are also conducted.

The conduct of inspections by local government units (LGUs) has added to the complexity of the business permitting process in the Philippines. Hence, the Investment Enabling Environment Project (INVEST), which is funded by the United States Agency for International Development (USAID), has included the streamlining of the inspection system in its partner cities as one of the regulatory reforms that it will undertake to reduce the transaction cost of doing business. This is in line with one of its components on the streamlining of business registration processes and lowering transaction costs.

The approach adopted by INVEST in promoting inspection reforms was two-pronged. Baseline data on inspection practices in the three partner cities was initially gathered from May to July 2012.¹ The results of the assessment were intended to serve as important bases for the reform agenda the cities would pursue in improving its inspections processes and for which INVEST support would be provided. Two workshops were subsequently conducted in each of the three cities, the first one from end-September to October 2012 aimed at (1) validating the third party assessment of the inspection systems in the cities; (2) reviewing and mapping the current end-to-end business permitting processes with the inspection; (3) training the city officials on how to set-up a business-friendly inspection system; and (4) designing a streamlined end-to-end

¹ A report containing the findings entitled "Integrated Assessment Report on Business Registration-Linked Inspections Processes: Cities of Batangas, Iloilo and Cagayan de Oro" was submitted to USAID on October 7, 2013.

business permitting process with inspections. A second workshop was conducted in March 2013 in each of the cities to assess the effectiveness, efficiency, transparency, and fairness of the inspection systems as well as the reasonableness of inspection fees using the framework in the study, *A Guidebook for Local Governments on the Conduct of Business Friendly Inspections* prepared by the Local Implementation of National Competitiveness for Economic Growth (LINC-EG). Based on the identified business inspection reforms in the first workshop, the city officials formulated city action plans with detailed activities and time frames.

This paper reports on the design of the new inspection system for each partner city and the corresponding action plans prepared during the two workshops on inspections. It covers the inspection processes conducted as part of three permits required from business establishments – building, occupancy and the Mayor's permit.

The report is divided into seven parts. The second section after the introduction explains the criteria used in assessing whether the inspection system of the partner cities are business – friendly, which is followed by a description of the inspection workshops conducted by the Project. A summary of the reform agenda of the cities is found in the fourth part of the paper. The individual inspection reform agenda by city is described in the next three sections. This report is being submitted as Output 3.2 (Deliverable No. 3 on Improved System of Business Inspections under Program 1.1 of Component 1).

II. BUSINESS-FRIENDLY INSPECTION SYSTEM

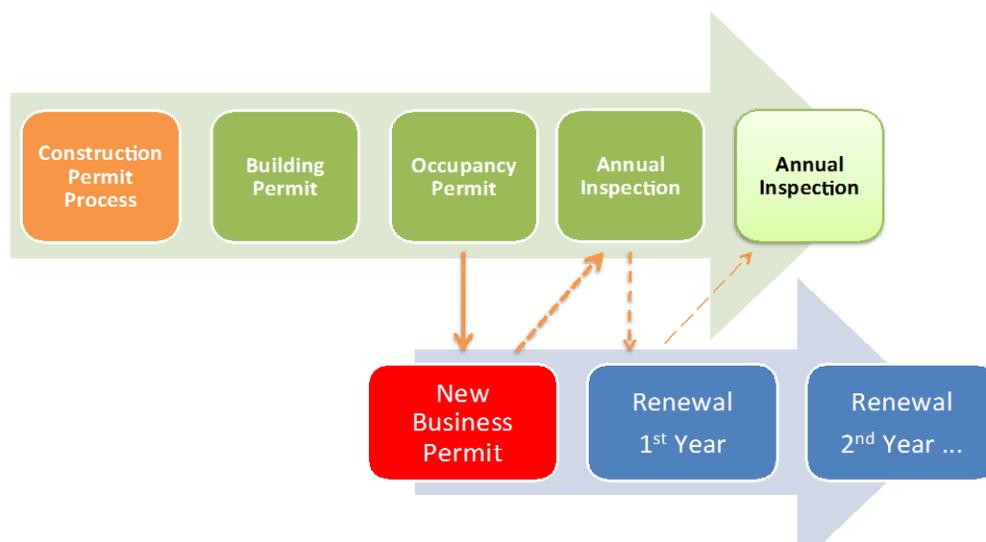
Inspections are conducted as part of the process for securing permits and licenses that are mandated in various laws and local regulations before a business establishment can operate. Most businesses, at one time or another, will secure three permits - building, occupancy and the business. The nature of the inspections conducted in relation to these permits may differ, as with the timing and manner of inspections. To address the complexity of the processes, the Project promoted the setting-up of business-friendly inspection system using three criteria - efficiency, effectiveness, transparency and fairness of inspection systems. The formulation of inspections reforms in the three cities was based on these criteria, which are explained below. Before that, the link between construction-related and business permits is summarized.

A. Link Between Construction and Business Permitting Processes

The inspection system in the Philippines is quite complicated, requiring an understanding of the processes involved in securing construction-related permits (i.e. building and occupancy) and the business permits. Different offices in the LGUs usually process these permits and conduct the inspections prior to their issuance.

In most instances, a new business applicant is required to secure permits for the following: (1) for the construction or renovation of a structure (commonly known as the building permit); (2) before living in or occupying a newly-constructed or renovated structure (occupancy permit); and (3) before operating a business (Mayor's or business permit), which has to be renewed every January. Figure 1 is a simplified diagram that illustrates the link among the three types of permits required from business establishments.

Figure 1.
Schematic Diagram Linking the Construction Permit Process
and the Business Permitting System in the Philippines



Securing each of the aforementioned permits entails ocular inspections from the various offices/departments of the LGU. Ocular Inspections are done during the building permitting process to ensure compliance with asset-specific regulations of the LGU and to check the safety and soundness of the building and engineering design. Another set of regulatory inspections is conducted in the process of securing the occupancy permit to verify if the approved design specifications of the building/structure found in the building permit were considered during construction and the building is fit for occupancy.

Before any business establishment can operate, the owner has to register his/her business and get a Mayor's permit. In the process of securing the business permit, most LGUs, including the Bureau of Fire Protection, require another round of inspections to check if the place of business can accommodate the planned facilities, equipment and/or machineries to be used by the business. Every start of the year and prior to the renewal of the business permit, another inspection of the premise/building structure is conducted to verify if the business establishment complies with the operation-specific regulations of the LGU. The inspectors check the wear and tear of the infrastructure, completeness of health certificates for each personnel, sanitary procedures during operations (for specific businesses), and fire safety.

B. Timing of Business-related Inspections

The timing of the ocular inspections, as described above, differs by LGUs. A study conducted by USAID's Local Implementation for National Competitiveness for Economic Growth Project (LINC-EG) entitled "*A Guidebook for Local Governments on the Conduct of Business-Friendly Inspections*" (henceforth referred to as "the Guidebook") identified two models of inspections²:

1. *Pre-Business Permit Inspections.* This model captures the practices of LGUs that conduct inspections prior to the issuance of a business permit. There are three variations of this model: (a) inspections as pre-registration activities; (b) inspections conducted upon receipt of application for business permit; and (c) inspections conducted upon proof of payment of fees.

2. *Post-Business Permit Inspection.* In this model, LGUs issue business permits even without inspections but grant a grace period for businesses to comply with inspection requirements. There are two variations of this model: (a) issuance of a temporary permit after showing proof of payment, followed by the official permit once inspections have been complied with; and (b) issuance of the official permit that is subject to revocation should the business not comply with the inspection requirements.

3. *Hybrid.* This model captures the practices of LGUs that require inspections depending on the risk the business poses to the public and the environment. Businesses classified as low risk are not required to undergo inspections as part of the business registration process. Inspections are required and may become more stringent as the perceived level of risk posed by the business establishment increases. This practice was adopted since there are usually not enough inspectors in the LGUs or in the BFP; hence, inspection of all business establishments is possible. The Guidebook notes that there are as yet no set rules issued officially by the Bureau of Fire Protection (BFP) for classifying business risks.

A. Criteria for Assessing Business-Friendly Inspection Systems

² USAID/LINC-EG, *BPLS Inspection Guides: Conducting Business Friendly Local Inspections in the Philippines*, 2011.

The objective of streamlining the inspection system is to make it business-friendly, which is characterized as one that is effective, efficient, transparent and fair. These attributes were used as the basis for assessing the inspection system of the three cities in the baseline study. The reforms formulated by the cities were based on these criteria, which are further described below.

A. Effectiveness

The degree of effectiveness of the partner cities' inspections processes was analyzed according to two indicators: (a) the cities' ability to conduct inspections of all business applicants; and (b) the processes' compliance with the prescriptions for a supportive inspection system contained in the DTI-DILG Joint Memorandum Circular 1 - Series of 2010 (JMC 1, s.10). These suggestions are reproduced below:

- a. inspections should be undertaken within the year after the issuance of the new business permit;
- b. during the business registration process, the non-repetition of inspections undertaken for compliance with zoning and environment ordinances, building and fire safety, health and sanitation regulations already undertaken during the construction stage; and
- c. The organization of joint inspection teams composed of the different offices with business permitting-related inspections.

Compliance with these prescriptions would make the inspection processes of the partner city more effective in contributing to a more streamlined business registration system that reduces processing time with simplified procedures. The more a city complies with these prescriptions, the more supportive it is as an investor-friendly business registration system.

B. Efficiency

The efficiency of the inspection processes of the partner cities can be measured using as indicator the opportunity costs incurred as a consequence of the inefficiencies in the processes. The higher the opportunity costs are, the more inefficient the processes are.

C. Transparency and Fairness

The fairness and transparency of a partner city's inspection processes can be gauged in two ways: (a) compliance with the 10 guidelines contained in USAID's Guidebook; and (b) the method of selecting business establishments for selective inspection. The more compliant the inspection systems are with the guidelines in the Guidebook, the more transparent and fair it is. The more systematic and objective the selection process for choosing the business establishment for inspection is the more transparent and fair it is.

The Guidebook suggests the following guidelines to ensure that the inspection processes being followed in the partner cities are fair and thus more business-friendly:

- a. Clarity of Statutory/Regulatory Basis. Inspections should be clearly prescribed and authorized by a national or local law, or both with clear policy objectives.
- b. Prior Inspection Notice. The applicant must be notified that a particular inspection is to be conducted on its premises and when such inspection is to be conducted. This notification will give the applicant the opportunity to get the assistance of the appropriate professional during the inspection so that technical clarifications can be understood and made and negative findings can be readily corrected.³ It will also give him the chance to arrange his schedule so he could be present during the inspection should s/he prefers to be so.
- c. Qualified Inspectors. Inspections require particular technical expertise. Qualified inspectors, in terms of education, training and background, therefore, should conduct these.
- d. Formulation and Use of Professional Inspection Checklists. Checklists ensure that the parameters used during inspections are standardized and consistent, and transparent, thus reducing discretion, which increases the opportunities for corruption. The inspecting authority must therefore create an inspection checklist that will be used during inspection.

The minimum information that the checklist should contain include: (1) the name of the inspector and his/her position together with his/her signature; (2) the time, date and duration of the inspection; and (3) an affirmative statement where the business owner or his authorized representative acknowledges the conduct of the inspection and the receipt of a copy of the inspection report and verifies that s/he has a clear understanding of any negative findings and the measures needed to comply.

- e. Prompt Notification of Results. The results of an inspection should be released at the earliest possible time. If there are no negative findings, the certificate, clearance or permit being applied for should be released the day after the inspection. If there is a violation, the applicant must be informed whether (a) the violation can be remedied, what needs to be done to remedy it, and within what period of time; (b) the violation cannot be remedied and that, consequently, the certificate, clearance or permit is not going to be issued; or (c) the violation will result in a fine or other penalties if not remedied.

There should also be a dispute resolution mechanism to resolve disagreements on the outcome of the inspection which will be explained clearly and in detail in the notification of the inspection results. This mechanism should enable to applicant to appeal an adverse finding during the inspection.

Compliance with this guideline is measured in terms of the length of time it takes the different regulatory entities to release such results. The prescription that, in the event that there are no adverse findings, the results of the inspection should be released in no more than one day is the norm. Any longer than this time period is non-compliance.

³The author of this report proposes, however, that the wisdom of issuing a prior notice to businesses where the object of inspection is movable can be studied further.

- f. Proper Identification and Authorization. The inspectors must present a proper identification and/or wear their uniform. They also must present an original copy of the Mission Order or another competent proof of authority, unless the prior notice of inspection already included these details.
- g. Applicant's Presence or Representation during Inspection. The applicant or his or her representative must be present during the inspection so that the results are communicated accurately at the earliest time.
- h. Duration of Inspection Time. The inspection must be done without undue delay.
- i. Number of Inspectors. A maximum of two inspectors must conduct an inspection. In case a team of inspectors is constituted to conduct two or more inspections at the same time in the same establishment, a maximum of two inspectors per regulatory office should be present.
- j. Reasonableness of Fees. Fees are imposed to recover the cost of a service rendered. As such, inspections and their corresponding fees may not be imposed in order to raise revenue. In the exercise of its authority to set fees, LGUs should be clear that fees are separate and distinct from taxes. Sections 147 and 151 of R.A. 7160, Local Government Code of 1991, empowered the municipalities and cities, respectively, to impose and collect such reasonable fees and charges on business commensurate with the cost of regulation, inspection and licensing before any person may engage in such business.
- k. Method of Selecting Establishments for Inspection. In instances when human and financial resources are so limited that an inspection of all business establishments becomes infeasible, LGUs and NGAs conduct selective inspection, choosing the subjects of the inspection through some method, e.g. risk-based method. It is this method that indicates whether the inspection system is fair and transparent. More specifically, the more random the selection process is for the establishment that would be the subject of selective inspection, the fairer the selection process is. Additionally, the codification of the selection process, including the basis or bases of the selection, indicates transparency.

III.

RESULTS OF THE BUSINESS-FRIENDLY INSPECTION WORKSHOPS

There were two workshops of two-days each conducted in partner cities as part of the capacity building activities of INVEST on the streamlining of inspection systems. These workshops, for the most part, were facilitated and managed by the INVEST staff. The objectives, design and participants of the workshops are discussed below.

A. Objectives of the Workshops

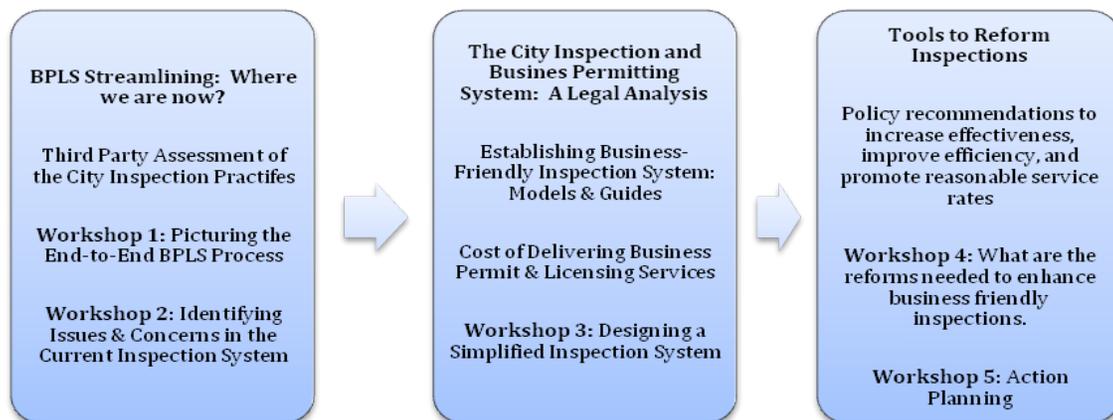
The objectives of the two simplification workshops on local inspection system were:

1. To revisit the streamlined Business Permits and Licensing Systems (BPLS) of partner cities and to relate these to the conduct of inspections, keeping in mind the role and necessity of conducting inspections;
2. To verify and consider the recommendations of the third-party assessments of the inspection procedures of the partner cities;
3. To present the results and recommendations of the INVEST study on inspection fees and charges in the cities;
4. To present the tools for reform and guidelines on the conduct of business-friendly inspections which will be used as framework for the simplifying local inspection procedures;
5. To streamline the cities' inspection systems to make these business-friendly and consistent with the streamlined BPLS; and
6. To formulate an action plan for each partner city containing detailed activities, responsible city offices/departments and timeframe for each activity to ensure that the simplified inspection systems will be implemented.

B. Workshop Design

The activities in the workshops applied a combination of presentations, discussions, open forums and small group workshops in meeting the workshop objectives. A summary of the workshop process is shown in Figure 2 below.

Figure 2.
Inspection Workshop Process



As inputs to the workshops, the INVEST project presented the recommendations from initial activities related to BPLS streamlining. The studies which served as background materials during the workshops include: (1) the “Third Party Assessment of New Business Permitting Process and City Inspection System”; (2) the study on “Business Permit and Licensing Service Delivery and Fees”; (3) the streamlined BPLS designed by the Technical Working Group of each city; (4) the Guidebook “Establishing a More Business-friendly Inspection System” which contained, among others the models and guides in establishing business-friendly inspection systems. In addition, the tools to reform inspections, e.g. institutional changes and mergers, a menu of options for risk-based inspections planning, training and outreach were also discussed

During the workshops, the participants were divided into groups based on the different regulatory units/offices involved in the city inspection process and BPLS. The groups were: (1) the Zoning Group composed of the CPDO staff; (2) the Building Permit/Building Occupancy Group composed of the participants from the City Engineering Offices (CEO) of Office of the Building Office (OBO); (3) the Health and Sanitation Group from the City Health Office (CHO); (4) the Safety and Protection Group from theft. A fifth group was organized for Batangas City to assess the inspection procedures conducted as a requirement of the City’s Environment Code, which was composed of the participants from the City Environment and Natural Resources Office (CENRO). In the case of Cagayan de Oro and Iloilo cities, the fifth group was composed of the staff from the City Treasurer’s Office (CTO), which conducts inspections in relation to their finance-related functions. Participants from the Business Permits and Licensing office (BPLO) were distributed among the various workshop groups.

C. Date and Venue

The first workshop entitled “Simplifying the Business-related Inspection System of the Cities of Batangas, Cagayan de Oro and Iloilo: A Look at the Present State and Defining the Future,” and the second workshop entitled “Formulation of Inspection Reform Action Plans in the Three Cities: A Follow-Up Activity” were held on the following dates and venue:

**Table 1.
Schedule and Venue of the Two Inspection Workshops**

City	Date	Venue
Workshop 1: “Simplifying the Business-Related Inspection System of the Cities of Batangas, Cagayan de Oro and Iloilo: A Look at the Present State and Defining the Future		
Batangas City	September 25-26, 2012	Days Hotel
Iloilo City	October 8-9, 2012	Iloilo Business Hotel
Cagayan de Oro City	October 18-19, 2012	Mallberry Suites & Hotel
Workshop 2: Formulation of Inspection Reform Action Plans in the Three Cities: A Follow-Up Activity		
Batangas City	April 03-05, 2013	OCVAS Bldg, Batangas City
Iloilo City	March 14-15, 2013	7 th Floor, New City Hall Bldg. Iloilo City
Cagayan de Oro City	March 20-21, 2013	City Hall, Cagayan de Oro

D. Workshop Participants

Participants to the workshops were composed of department/unit heads and technical staff from the different city offices that process business permits and conduct inspections, i.e. CPDO, CEO, CENRO, CHO, CTO and BPLO. The BFP, which is a national government agency tasked with conducting fire safety inspections, also participated in all of the workshops. There were 84 participants for the first workshop and 100 in the second workshop. Among the cities, Iloilo sent the most number of participants in the first workshop (36) while Batangas City had the most number in the second workshop (43).

The gender disaggregation of the workshop participants for each INVEST city is shown in Table 2. In Batangas City, female participants outnumbered their male counterparts in both workshops. The reverse is true in Cagayan de Oro City where there were more male than female participants in the two workshops. In Iloilo City, an equal number of male and female participants attended the first workshop but more female participants in the second workshop.

Table 2.
Disaggregation of Workshop Participants by Office, By Gender

Department / Office	First Workshop			Second Workshop		
	Male	Female	Total	Male	Female	Total
Batangas City						
Bureau of Fire Protection	1	1	2	2	0	2
Business Permit and Licensing Office	4	6	10	2	6	8
City Engineer's Office	1	1	2	5	2	7
City Environment and Natural Resource Office	1	2	3	1	2	3
City Health Office	1	1	2	0	2	2
City Planning and Development Office	1	2	3	0	2	2
City Treasurer's Office	0	0	0	0	0	0
Other Offices	3	2	5	9	10	19
TOTAL	12	15	27	19	24	43
Cagayan de Oro City						
Bureau of Fire Protection	2	0	2	4	1	5
Business Permit and Licensing Office	0	1	1	0	2	2
City Engineer's Office	3	0	3	0	0	0
City Health Office	1	0	1	2	1	3
City Planning and Development Office	4	0	4	2	1	3
City Finance Office	4	0	4	0	0	0
Other Offices	2	4	6	7	6	13
TOTAL	16	5	21	15	11	26
Iloilo City						
Local Economic and Investment Promotion Office	1	1	2	0	0	0
Bureau of Fire Protection	3	0	3	4	0	4
Business Permit and Licensing Office	1	7	8	0	4	4
City Engineer's Office	3	1	4	0	0	0
City Environment and Natural Resource Office	2	0	2	0	0	0
City Health Office	1	5	6	1	5	6
City Planning and Development Office	4	0	4	4	3	7
City Treasurer's Office	2	4	6	0	4	4
Other Offices	1	0	1	4	2	6
TOTAL	18	18	36	13	18	31
OVERALL TOTAL	46	38	84	47	53	100

IV. INTEGRATED SUMMARY OF THE REFORM AGENDA IN PARTNER CITIES

The third party assessment, which tracked inspection process from the perspective of the applicant, formed part of the baseline information on the inspection practices in the cities. In the workshops, the cities validated the findings of the assessment and formulated a reform program taking into consideration actions that are within the control of the city government. This section summarizes the reform program formulated by the cities.

A. General Findings in the Third Party Assessment of Inspection Systems in Partner Cities

The assessment showed that the BR-linked inspections processes of the three INVEST partner cities comprised of: 4 steps by 4 inspections offices in Batangas; 3 steps by 3 offices in Iloilo, and 6 steps by 3 offices in Cagayan De Oro. From the applicant's/registrant's perspective, this process takes 9 days, 4 hours, 33 minutes, and 35 seconds in Batangas; 7 days, one hour and 15 minutes in Iloilo; and 6 days, 5 hours, and 45 minutes in CDO. Batangas' and Iloilo's inspection processes are largely of the pre-business permit model while CDO's is a post-business permit model. All three cities' processes exhibit characteristics of the hybrid model that requires inspections depending on the risk the business poses to the public and the environment.

The study revealed gaps in the processes that can be streamlined to increase efficiencies. Doing so will reduce the opportunity cost of business owners in registering a business, as applicable in Batangas and Iloilo or in complying with post-business permit inspections, as in the case of CDO.

The study also found that the manner and procedure of inspections can be improved and corrected to address the information asymmetry or imbalance that exists between the regulator and the regulated, thereby improving the processes' fairness and transparency. The most prominent gaps are the lack of formal and written professional checklists and its prior disclosure; the lack of written, prior inspection notice; and the notification of results that can be made earlier than what is currently practiced.

The study noted that while some gaps can be addressed by reviewing and aligning local legislation, many gaps can be addressed through executive action of the local chief executive. Moreover, the cities should also view their respective BR-related inspection processes in terms of the life cycle of a business; that is, beginning from the building phase. It concludes that this more coherent view can lead to a balancing of the often conflicting twin goals of local economic development and the protection of public welfare...

Adopting the framework and recommendations of the Guidebook, the study recommended the following measures that the cities of Batangas, Iloilo and Cagayan De Oro should pursue to achieve the highest levels of effectiveness, efficiency, transparency and fairness:

1. *Common recommendations for Batangas, Iloilo and CDO:*

1.1 Reduction of the number of steps, interfaces, offices involved, and other process indicators through the implementation of streamlining principles, *via*:

1.1.1. Eliminate on-site inspections rendered unnecessary by the existence and accessibility of data that can provide the information sought by the inspections activity. For instance, ocular inspection for the issuance of the locational clearance is no longer necessary if maps to ascertain the location of a stated address are available. Moreover, the address is written by the applicant/registrant on a form that is considered legally as a valid public document to which truthfulness in declarations is required. The Guidebook also recommends the use of Geographic Information System (GIS) maps if the cities currently have the said system. When city maps are outdated, there are Google maps that can be used.

1.1.2. Remove annual inspections by the City Health Office (CHO) for businesses that are not subject to such inspection under the Sanitation Code like non-food businesses. This would consequently eliminate the Sanitary Permit requirement for these types of businesses during the renewal process.

1.1.3. Review and collapse or eliminate some multiple internal sub-steps in the processing of applications prior to, and post inspections if they are not being met or if the intentions can be met in ways that reduce the processing time. Thus, measures can be adopted to reduce the remaining sub-steps and its processing time to (a) the establish service standards for front-line services and backroom processes and (b) automate the streamlined process to make it more effective.

1.1.4. Review the inspection activities during the (a) building construction and occupancy permit phases; (b) business registration phase; and (c) annual inspections phase to determine whether it is repeating inspections with the same intent across the three phases. If it is, then it can, as proposed in the JMC, stop requiring applicants to undergo zoning, environment, building, fire safety, health, and sanitation inspections during the business registration stage if they had already done so during the construction phase.

Similarly, if there are activities during these earlier permit phases that the BPLO or even CTO can participate in to reduce their information needs and requirements during the registration phase, then these offices can coordinate with the OBO to join the inspection visits at this time. Broadly, this recommendation encourages LGUs to link up the business registration process with its other regulatory processes.

1.1.5. Conduct operations-specific inspections e.g., use of specific materials in packaging, proper sanitation, and proper segregation of cooked and non-cooked food, after the grant of the business permit as the scope and objectives of these inspections can best be met when the establishments are already operating.

1.1.6. Adopt formal rules or criteria in determining the establishments to be inspected through the creation of risk and size-based categories. Specifically, the Guidebook recommends a step-wise approach: (a) create and/or adopt formal

criteria for assessing risk and defining the applicable regulatory parameters for each level of risk; (b) develop unique risk criteria for each type of inspection; and (c) transparently communicate risk levels to business permit applicants, including for each type of inspection and the consequences/regulatory parameters of the risk level classification that a business has been given.

Adopting the above streamlining solutions will not only reduce the opportunity cost of the applicant/registrant in undertaking the inspections process but also reduce the administrative tasks of city inspection offices and maximize the use of their time.

B. Proposed Inspection Reforms Adopted by the Cities

The reform agenda in setting-up a business friendly inspection system in each of the cities were formulated during the workshop. It started with a discussion of the update of the BPLS streamlining process as a result of the previous activities. Then after listening to the result of the third party assessment of the inspection system in each city, the participants mapped out their current end-to-end inspection and permitting system for the issuance of building permit, occupancy permit and business permit. After identifying the issues and concerns and given the various inspection models and guides, the participants formulated their simplified, business-friendly inspection system.⁴ Action plans were prepared to identify implementing activities particularly those that need to be in place in time for the January 2013 business permit renewal.

It is also to be reiterated that the third party assessment made in the INVEST study mentioned earlier covered the business permitting system only. The inspection workshop, however, dealt with BR-linked inspection, i.e. new and renewal of business permit, and NBR-linked inspection, i.e. building permit and occupancy permit.

It is emphasized that the third party assessment is from the point of view of the business permit applicant while the assessment in the workshop is from the point of view of the city's regulatory offices. It is also probable that some of the BPLS reforms contemplated in previous INVEST interventions may have already been implemented.

⁴ The findings and recommendations of the INVEST study on the assessment of the cities' inspection systems presented earlier were considered by the participants in simplifying their respective inspection system.

V. THE BUSINESS-FRIENDLY INSPECTION REFORM AGENDA OF BATANGAS CITY

Overview of Batangas City's Inspection System before the Reforms

Prior to the INVEST Project's interventions, Batangas City's inspection system generally followed the traditional model, wherein ocular regulatory inspections were conducted upon receipt of the application form. For both the building and occupancy permitting processes, the applicant had to comply with the regulatory requirements of various offices and secure the certificates and clearances in order to have their building plans approved and their construction-related permits granted. Further, these regulatory inspections were repeated when the applicant secures his business permit. As such, delays in conducting inspections would directly affect the time needed to secure construction-related and business permits (*refer to Annex A*).

Building Permitting Process

In the process of securing a building permit, an applicant is required to submit six (6) copies of the building plan to be evaluated by the CEO, which determines the soundness of the engineering designs of the structure. Sanitation engineers of the CEO also look into the sanitation plan of the building designs. After securing the approval of the CEO, an applicant is then required to secure the zoning clearance from the CPDO and the Fire Safety Evaluation Certificate (FSEC) from the BFP.

Zoning inspections checks road easements, building measurements, and the permissible use of the land based on the city's zoning ordinance. For leasing establishments, zoning inspectors also check the availability of the space stipulated in the contract of lease.

The BFP, on the other hand, reviews the building design and evaluates the required fire suppression mechanisms that the building intends to use. The BFP also conducts ocular inspection to check building measurements to determine the number and kind of fire extinguishers to be bought by the business owner or the applicant.

Some businesses are also required to secure a clearance from the CENRO prior to the issuance of the building permit. The CENRO conducts ocular inspection for environmentally hazardous businesses, e.g. gasoline stations, to determine what needs to be done to mitigate environmental risks. The CENRO also checks the Solid Waste Management (SWM) plan of the business. For non-risky businesses, the CENRO issues the Certificate of Non-Coverage (CNC) without the need to conduct inspections. For environmentally risky environment, the CENRO issues an Environmental Compliance Certificate (ECC).

Occupancy Permitting Process

The same set of inspections is usually repeated by the city departments involved in granting building permits, as part of the process for approving occupancy permits. The inspections mainly check if the recommendations to the prior-approved building plans were adopted during the construction of the infrastructure.

As an addition to the aforementioned inspections, the CEO also conducts electrical, plumbing, and mechanical inspections together with technical safety inspections. This type of inspection is prescribed by the Department of Labor and Employment (DOLE) to ensure the protection of laborers in industrial businesses, which also requires the creation of an employee union for industrial businesses with 200 or more employees.

The BFP also conducts ocular inspections to check the presence and quality of fire suppression systems, and to assess fire safety of the building, considering the equipment, machineries, and/or office furnishings intended to be used by the business.

Business Permitting Process (New and Renewal)

Another round of regulatory inspections is done during the business permitting process. An applicant is required to undergo inspections for zoning, health and sanitation, fire safety and environmental clearances prior to securing (or renewing) a business permit.

Zoning authorities inspect an applicant again to determine if the line of business applied for is within the permissible land use according to the city's zoning ordinance. Renewing business applicants are subjected to inspections to ensure that there has been no change in the use of the building/structure as initially applied for. Once the zoning certificate is approved, it is required to be submitted with the business permit application.

After the submission of the business application form, the applicant is then required to secure the city environmental clearance or the City Environmental Permit to Operate (CEPO). The CENRO is charged with conducting environmental inspections for all businesses applying for a business permit. Section 143 of Article XXI of the Batangas City Environment Code Ordinance No. 16, Series of 2010 (E-Code) declares that the City Environmental Clearance will only be issued after inspections have been conducted and upon payment to the City Treasurer of an annual fee. However, as it is constrained by manpower and transportation facilities, the CENRO inspects only high-risk businesses prior to the issuance of the business permit. It, however, conducts annual inspections on all types of business establishments.

During inspections, the inspector checks if the business establishment complies with the city's waste management programs under the E-Code. These requirements include (a) the posting of signages promoting the solid waste management programs of the city; (b) practice of waste segregation; and (c) non-use of plastic and styrofoam as packaging materials for dry goods. Refer to Annex A for details.

Upon the receipt of the application form, the City Health Office (CHO) also conducts health and sanitary inspections, which is a pre-requisite to the issuance of the business permit. The requirements for securing a health and sanitation permit vary depending on the type of business and their classification according to risk categories:

- New business applicants whose with lines of activity belongs to the low-risk category are only required to submit the health certificates of their full-time personnel and the payment of the health and sanitation fee. However, those in the high-risk category (food and water-related establishments) are required to have all their personnel undergo laboratory and physical examination prior to securing the health certificate.

- The requirements for renewal of permits for businesses classified in low-risk categories are their personnel's valid health certificates. However, businesses which belong to the high risk categories undergo health and sanitary inspections to check sanitation practices during business operation.

After securing the abovementioned clearances, the applicant is then required to pay for his/her business fees and taxes to the CTO. After payment, the applicant is required to present to the BFP the official receipt issued by the CTO. The BFP would then assess the fire safety fees and schedule the conduct of fire safety inspections. BFP inspectors usually check the lines of fire suppression systems, the number of entrance/exit doors per room, number of electrical sockets, and the presence of fire extinguishers. A Fire Safety Inspection Clearance (FSIC) would then be issued to the business applicant, which is a pre-requisite for the business permit, per the amended Fire Code.

As described above, the inspections required by the city government are conducted as a prerequisite to the issuance of the construction-related permits and the business permits. Hence, it is a major factor that adds to the procedures for securing permits as well as the time it takes to secure the permit.

Compliance with Inspection Guidelines

As stated earlier, the objectives of streamlining the inspection system is to ensure that the procedures are not only efficiently and effectively conducted but that the process is fair and transparent. Table 3 shows how the city inspection offices (CPDO, CHO and CENRO) and the BFP complied with the nine (9) guidelines under the BPLS Inspection Guide (DTI-DILG, 2012). The table was based on the third party assessment of inspection systems conducted at the start of the Project. In the three City offices that conduct inspection, it was observed that (1) only verbal notice is given on the schedule of inspections; (2) while there are checklists (except for zoning), these are not usually disclosed to the applicants prior to the conduct of inspections, except for CENRO; and (3) the applicant is not promptly notified of results (except for the CHO).

In the case of the BFP, a prior notice in writing is issued for high-risk establishments that will be inspected will be conducted. In contrast, the three city offices issue only verbal notices. While verbal notices should suffice to allow the applicant to secure the services of expert assistance during the inspection, issuing a written notice is preferable if the goal is to professionalize the inspection system.

Only the CHO released the results of the inspection no more than one day after the conduct of the inspection for those with no adverse findings. The processing times of CENRO and the BFP were particularly long considering that these offices did not actually inspect the applicants that were tailed as part of the assessment. Thus, the routine desk assessment and internal approvals accounted for the time elapsed. Such processing could have been done faster and released within the day of the application for an inspection. CPDO's processing time post-inspection is also long at 2 days and 4 hours, especially when contrasted with the inspection time of 2 minutes and 35 seconds.

Except for BFP, all three offices did not send written notice of their findings and/or suggestions to the registrant. Instead, they issued these verbally during the inspection. CHO was observed to provide a scored rating sheet for its annual inspections.

**Table 3.
Batangas City's Inspection Characteristics Assessed Against Guidelines**

Guidelines	CPDO	CHO	ENRO	BFP
Sufficiency of statutory/regulatory basis	Batangas City Comprehensive Land Use Plan	PD 856: Sanitation Code of the Philippines. IRR and PD 522	RA 7160: Local Government Code; PD 1152: Philippine Environment Code; Batangas City E-Code; DENR Memo Circular 2007 – 2008; RA 9003: Ecological Solid Waste Management Act IRR	Philippine Fire Code 2008 (RA 9514); RA 6975: DILG Act of 1990
Prior Inspection Notice	Verbal Notice	Verbal Notice	Verbal Notice (for high risk)	Written Notice (for "high risk")
Creation & Use of Professional Inspection Checklists & Its Prior Disclosure	None (building plans are the references)	Yes (for food operators)	Yes	No
	NA	No; disclosed during inspection	Yes; disclosed upon filing of the application & during inspections	Not observed
Prompt Notification of Results (<i>if there is no negative finding, clearance should be issued the day after</i>)	Exceeded; 2 days & 4 hrs.	Met; 1 day	Exceeded (esp. since no inspection took place); 2 days & 4 hrs.	Exceeded (esp. since no inspection took place); 1 day & 4 hrs.
Inspectors' Qualification	Civil Engineering graduate with Field Experience	BS graduate with proper training	Graduate of any related course with field experience	Min. of 1 yr BFP and has completed FAIC; FBRC
<i>Professional Procedures</i>				
Proper Authority & Proper Identification	With Formal Authorization Letter	With Formal Authorization Letter	With Formal Authorization Letter	With Formal Authorization Letter
	Office ID and Uniform	Office ID and Uniform	Office ID and Uniform	Office ID and Uniform
Registrant Representation during Inspection	Not Always	Yes	Yes	Yes
Duration of Inspection Time	From 2-10 mins.	31 mins.	10 minutes* (ave.)	Depends on the size of the structure
Number of Inspectors	1 - 2	1	1	2

Method of Selecting Business Establishments for Inspection. In Batangas, only the CHO has a clear, unequivocal method of selecting business establishments to be inspected for the issuance of the sanitary and health permit. This method is provided for in the Implementing Rules and Regulations (IRR) of the Sanitation Code.

Proposed Reforms on Batangas City's Inspection System

Following the workshops conducted by the Project, Batangas city committed to simplify its inspection system. Basically, the streamlined system will remove repetitive inspections of the business applicant conducted as part of the process of securing construction-related and business permits. For instance, inspections done during the occupancy permitting process will suffice as basis for the issuance of business permits. This reform recognizes that an applicant who has been issued an occupancy permit has undergone all the required regulatory inspections which need not be repeated when he applies for a business permit. For business renewals, inspections will be done after the issuance of the business permit. The simplified inspection processes for the type of permits considered in this report are described below.

Building Permitting Process

In the proposed inspection process for building permits, the city will be adopting a more efficient system for disseminating the applications thru the use of modern technology and eliminating inspection of premises as basis for giving the building permit. The city government will merge the guidelines of each regulatory city office and issue these once an applicant inquires for the requirements for securing a building permit. As soon as the applicant submits copies of the building plans, the CEO would send e-copies of these to the other regulatory offices for their plan review. No inspection is done as part of the evaluation of the different regulatory offices. After the review of the building plans, the applicant pays the building permit fees to the CTO while the Fire Code Construction Tax would have to be paid to the BFP. After the payment, the building permit will be issued along with the approved building plans (Annex B).

Occupancy Permitting Process

In the reformed system of Batangas City, technical inspections for the occupancy permit will be conducted during the construction of the building based on the work plan of the developer. Inspectors will do their ocular inspections at the time the specific aspect of the building is being laid, i.e. electrical inspection will be done when the electrical wires are being laid. As such, when the building is constructed, the business applicant has secured all regulatory clearances. Further, the regulatory offices will also prepare construction logbooks to document the suggested enhancements during inspections. The preparation of logbooks would make it easier for the offices to review the as-built plans that will be submitted by the applicant. The business permit application form would also be issued with the occupancy permit (refer to Annex C).

Business Permitting Process

Inspections will no longer be conducted during the business permitting process. For new business applications, the applicant is only required to present his/her occupancy permit to certify that s/he has complied with all the regulatory requirements of the city. The Fire Safety Inspection Certificate (FSIC), which is issued by the BFP to those applying for business permits, will also be based on the FSEC granted as part of the Occupancy Permit.

For the annual renewals of business permits, inspections will be conducted by regulatory office after the issuance of a business permit. The results of the inspections will be conveyed to the BPLO in the form of a negative list. However, if there is a change in use of the premise, then the applicant has to secure a new occupancy permit. The simplified system is illustrated in Annex D.

Action Plan for Inspection Reforms

The action plans formulated by Batangas City officials during the workshops reflected the simplified inspection procedures for securing building, occupancy and business permits and addresses the deficiencies of the city in complying with the guidelines for setting up a business-friendly inspection system.

To implement an effective and efficient business-friendly inspection system in Batangas City, the city will formulate a manual of inspections containing, among others, the use of unified checklist, method of classifying businesses according to operational and area risk to prioritize businesses for inspections, detailed procedure, manner and duration of inspections, etc. The city intends to organize a joint inspection team (JIT) to conduct inspections to be supported by adequate logistics, e.g. supplies, transportation, etc. Members, old and new, of the JIT will be trained using the manual of inspections. Lastly, the city will establish a merit and awards system to recognize businesses that are consistently compliant with all regulations of the city. Aside from the awards, businesses that are compliant for several years will be no longer be subject to inspections under certain conditions.

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With the planned reforms for implementation as indicated in the city's inspection action plan, the business inspection system will become compliant with the guidelines. In particular, written prior notice and prompt notification of results will be sent to the applicant, inspectors will be using professional checklists given earlier to the applicant. A manual on inspection will be formulated to guide the inspectors in the conduct of their duties. In addition, the city will organize and train joint inspection teams to simplify business inspections as well as to maximize the resources of the city.

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To complement these reforms, the City government also emphasized the value of moving towards a single Unified Application Form (UAF) as a crucial step in simplifying the inspection and an instrument that will integrate and synchronize the processes of each unit/office. Furthermore, the effectiveness of future actions in this reform area will largely depend on the level of automation that the city government will undertake. Several simplified steps will be realized if the city will operate with an updated and upgraded automated system.

To jumpstart the implementation of the inspection reforms, the City Mayor issued Executive Order No. 8, series of 2013, dated April 24, 2013, adopting the inspection reform action plan to establish a business-friendly inspection system in Batangas City. See table 4 for the details of the city's inspection reform action plan and Annex 10 for the creation of the Joint Inspection team.

**Table 4.
Batangas City Action Plan for Inspection Reforms**

Activities	Timeframe	Responsible Office	Resources Needed
Create Unified Inspection Checklists	Oct-Nov 2012	BFP and City Regulatory Offices, BPLD	none
Standardize Classification of Businesses	Oct-Nov 2012	BPLD and IT Contractor	IT Contractor; Budget-CMO
Create a complete database of New and Renewed Businesses	October 2012	BPLD and IT Contractor	IT Contractor; Budget-CMO
Include Fire Safety Requirements in the Application Form	October 2012	BFP, BPLD	none
Link the BFP System to the BPLS System	November 2013	CMO/CTO/BFP	IT contractor; LGU-MOA
Create Composite Inspection Teams	October 2012	BFP and JIT (BPLD)	MOA; Service Vehicles
Purchase Service Vehicles for Inspection	2013	BFP and JIT (BPLD)	Budget-LGU
Request Additional Personnel/Manpower	2013	BFP	Budget - BFP
Conduct IEC Campaigns	December 2012	BPLD/CIO/CMO	Budget - CIO and CMO
Automate Notification System	November 2012	IT contractor	Budget-CMO
Issuance of Temporary Use Permits	Subject to approval of dept head/s	Regulatory Offices	EO/MOA with BFP
Issuance to be handled by CTO cashiers	January 2013	CTO and Regulatory Offices	
Conduct Capacity Building for frontline service providers	Oct-Nov 2012	INVEST/LGU	INVEST
Conduct Capacity Building for concerned offices on the implementation of the new system	Oct-Nov 2012	INVEST/LGU	INVEST

VI. THE BUSINESS-FRIENDLY INSPECTION REFORM AGENDA OF ILOILO CITY

A. Overview of the Iloilo City Inspection System Before the Reforms

Similar to Batangas City, inspections in Iloilo City are imbedded in the permits for building, occupancy and business operations. Four city regulatory offices are responsible for conducting inspections: (1) the CPDO which grants zoning clearances; (2) the OBO which is responsible for the various inspections associated with the building and occupancy permits; (3) the CTO which conducts on-site verification of new business applicants before a Mayor's Permit is issued; (4) the CHO which grants sanitation permits; and (5) the CENRO, which undertakes ocular inspections for the issuance of environmental clearance. In addition, the BFP conducts inspections in accordance with the requirements of the amended Fire Code, which requires the issuance of three clearances – the FALAR, the FSEC and the FSIC.

The CPDO/Zoning conducts three (3) inspections – the first one before the issuance of building permit, the second other before the issuance of occupancy permit and the third as a prerequisite to the grant of the business permit. The OBO, on the other hand, conducts two (2) inspections as part of the process for the building and occupancy permits. BFP, on the other hand, conducts two inspections – one for the issuance of FSEC required for occupancy permit and another for the issuance of FSIC for the business permit. The CHO conducts inspection for the issuance of sanitary permit after the business permit has been given to the applicant.

The mapping of the end-to-end process for the issuance of building, occupancy and business permits (before the workshops) revealed that it took a total of sixteen (16) days for the eight (8) inspections conducted by the city's regulatory offices. The conduct of actual inspection usually takes up most of the processing time for the permits. *Refer to Annex E*

The Building Permit Process

The processing of building permits involves two regulatory offices of the city government, the CPDO and OBO, as well as the BFP for the issuance of Fire and Life Safety Assessment Report (FALAR). The zoning division of the CPDO inspects the applicants before a locational clearance is given. Once granted, the applicant submits the application form to the OBO, which conducts preliminary inspections and evaluated the building plans. The OBO then endorses the results of the plan evaluation to the BFP for review and the issuance of the FALAR. After securing the clearances from the CPDO and BFP, the OBO issues the order of payment, which is then brought to the CTO as basis for payment of the building permit fees.

The Occupancy Permit Process

Applicants usually apply for occupancy permits at the OBO as soon as construction of a building or a premise is completed. The OBO endorses the application to the CPDO, which conducts inspection of the applicant's business before issuing the zoning locational clearance. Simultaneously, BFP receives the endorsement from OBO, conducts inspection and issues the FSEC. OBO also conducts its own technical inspections before issuing the occupancy permit and after payment of the necessary permit fees (refer to Annex E for an illustration of the process).

Business Permitting Process

The business registration-linked inspections required by the Iloilo City government are those for securing the zoning certificate, the sanitary permit, and the treasury clearance certificate. The fourth inspection is that required for the fire safety certification inspection mandated by the Fire Code. See Annex E for an illustration of the process.

a. Zoning Inspection.

The CPDO inspects establishments prior to the release of the zoning certificate which, in turn, is required before a Mayor's permit can be granted for both new and renewing business applicant. Inspection is done upon proof of payment of the fees for locational clearance by the applicant. Inspectors decide the level of scrutiny per application in a discretionary manner. For businesses located in, or in the vicinity of, established business areas, inspectors simply verify the address against the zoning map. Inspections are, however, conducted for other types of businesses. Inspectors bring the zoning clearance form previously signed by the applicant and other supporting documents to guide them. One example of a documented inspection was that of an internet café where the CPDO ascertained whether its location followed the guidelines of the city and the Department of Education on the location of such businesses outside a prescribed radius around a school. The CPDO also conducts inspections when the business address is not verified or located in the zoning map or when there is a community or *barangay* concern on the business permit being applied for.

b. Treasury Inspection.

An applicant for a new business permit or for business renewals in Iloilo City requires a Treasury Certificate, which attests that s/he has paid all obligations to the city government and that the basis for such obligations are accurate. This certificate is a requirement for the release of a business permit, whether new or a renewal. Part of the pre-requisites to enable the CTO to issue this certificate is for the office to conduct a presumptive capital check to validate the information in the business application form submitted by the applicant. The CTO examines the size of the business and, for new applicants, that indeed, the applicant's business is "new". Inspections are limited to large establishments, while most of the micro and small business applicants are no longer inspected. Inspectors bring along the business application form completed by the applicant. During the inspection, if there are violations or issues uncovered, the inspector discusses these and guides the applicant on the needed measures that can remedy these problems.

c. Sanitary Inspection.

As stated earlier, the CHO conducts inspections after the issuance of the business permit for business renewals. Inspections are done per area/district and these are

scheduled usually a month before the renewal period. The only BR-linked inspection required for the issuance of the Sanitary Permit applies to water refilling stations or businesses selling water, as provided for by City Ordinance 2002-162.

d. *Fire Safety Inspection.*

The BFP inspects establishments prior to the release of a new business permit and annually before the business renewal period. Legally, the BFP is mandated to conduct inspections on all businesses but is constrained by the lack of mobility and personnel.

Inspector/s bring along the Fire Code of the Philippines (RA 9514) handbook as guide during inspections. They check the location of the fire detection and alarm devices, interview the registrant, test fire suppression facilities in the case of new and large establishments, write the inspection findings, and have the registrant receive a copy of the findings. The conduct of the Fire Safety Test on fire suppression facilities, however, depends on the availability of the BFP personnel in-charge of Fire Safety Equipment/Facilities. Inspections are thus sometimes canceled. It was observed that the actual inspection is, in some cases, shorter than the time the inspection team spent travelling to the location and waiting to be attended to. The BFP inspectors take public transport to get to the establishments they will be inspecting, hence the longer travel time.

Compliance with Inspection Guidelines

The inspection system conducted by the city government was also evaluated using the Guidelines on Inspections, which promotes efficiency, effectiveness, transparency and fairness in conducting inspections. Table 3 shows the extent of compliance of the city inspection offices (CPDO and CTO) and the BFP with the inspection guidelines for setting up a business-friendly inspection system. The findings indicate that there are three areas where compliance was deficient.

First, city offices do not issue a formal authorization letter when conducting inspections. City officials explained that since the basis of their inspection is the client's application form, they consider this as their authorization. They bring this submitted application form together with other documents during the inspection. In contrast, the BFP prepares a formal authorization letter which is shown to the applicant before inspections are conducted.

Second, the city regulatory offices issue only verbal notices to the registrants that inspections will be conducted. In the case of CTO, its Inspection and Examination Division would call the applicant/registrant beforehand to confirm the inspection schedule. As discussed in the guideline, the purpose of giving advance notice, preferably written, is to allow the applicant to get the assistance of a knowledgeable person during the inspection.

Third, city offices do not have professional inspection checklists that should have been given to applicants prior to the conduct of inspections. Instead, officials said they consider as bases for assessment the information the applicant affixed on the application form, the Fire Safety Handbook, other pertinent documents, and/or the map with a sketch of the location.

Table 5.
Iloilo City's Inspection Characteristics Assessed Against Guidelines

Guidelines	CPDO	CTO	BFP
Sufficiency of statutory/regulatory basis	Iloilo City Comprehensive Land Use Plan (Regulation Ordinance 2001-72, Series of 2001) and HLURB Requirement	Local Revenue Code of Iloilo City, Tax Ordinance No. 2007-016 (Book V, Chapter II, Section 252 - 256)	Philippine Fire Code 2008 (RA 9514)
Prior Inspection Notice	Verbal Notice	Verbal Notice	Verbal Notice
Creation & Use of Professional Inspection Checklists & its Prior Disclosure	None	None	None
Prompt Notification of Results <i>(if there is no negative finding, clearance should be issued the day after)</i>	Met; 1 day*	Met; 1 day*	Met; 1 day*
Inspectors' Qualification	Licensed Engineer with Field Experience	Must have 18 units of Accounting Subjects	Min. of 1 yr BFP and has FAIIC
<i>Professional Procedures</i>			
Proper Authority & Proper Identification	No Formal Authorization Letter	No Formal Authorization Letter	With Formal Authorization Letter
	Office ID	Office ID and Uniform	Office ID and Uniform
Registrant Representation during Inspection	Yes	Yes	Yes
Duration of Inspection Time	15 mins (ave.)	15 mins (ave.)	45 mins (ave. of sample tailed)
Number of Inspectors	1	1	2 (based on actual tailing)

**Based on estimate of city official*

Acronyms:

BFP – Bureau of Fire Protection

CTO – City Treasurer's Office

CPDO – City Planning & Development Office

FAIIC -- Fire Arson Investigation and Inspection Course

Method of Selection of Business Establishment for Inspection. Similar to Batangas City, only the CHO in Iloilo City has a clear and unequivocal method of selecting business establishments that would be inspected. This method is provided for in the Implementing Rules and Regulations (IRR) of the Sanitation Code.

C. Proposed Reforms on Iloilo City's Inspection System

The city government adopted inspection reforms that focused on making internal processes more efficient through enhanced information sharing among the regulatory offices and the expanded use of technology. For building and occupancy permits, the OBO will simultaneously endorse the building plans and other relevant documents to BFP and CPDO/Zoning to shorten the processing time to around 6 hours. CPDO/Zoning will use GIS maps to verify location of the business. For new business permits, only the CTO will conduct inspection but the applicant will sign an oath of undertaking that will be used to justify post-inspection to be conducted by the BFP and CHO. For business renewals, regulatory offices will conduct post-inspections. See Annex F and G for the illustrative process of business inspections for new business applications and renewal of business permits, respectively.

1. Business Registration- Related Inspection

Under the proposed simplified business permitting system, a new business applicant secures unified application form from BPLO or downloads the form and the list of requirements from the Iloilo City website (www.iloilocity.gov.ph). The filled-up unified application form together with the requirements is submitted to the CTO which, in turn, conducts ocular inspection, endorses to the BFP and issues tax order of payment. The applicant pays the taxes and fees including fire fees then claim the FSIC. The applicant submits the documents to the BPLO. BPLO routes the documents to CHO and CENRO for signing of the oath of undertaking then issues the business permit. The CHO and CENRO conduct post inspections.

Iloilo has proposed business permitting system that will require one day for the issuance new business permit and 1 hour and 25 minutes for the issuance of business permit for renewal. Only the CTO will conduct an inspection for the new business permitting process and the other inspections (e.g. zoning, BPLO, BFP) will be done after the issuance of the business permit as post issuance procedures. The proposed procedure is shown in Figure 16.

Also, inspections conducted will have a validity period of one year that will render most issued inspection certificates still in effect during the business permit renewal period. Thus, inspections need not be done during the January renewal period, which will consequently ease the issuance of business permit. Still, CENRO will conduct inspection for establishments classified as 'high risk' but this can be scheduled and done ahead of the renewal period. Businesses classified as "high risk" include junkshop, car wash and water refilling stations.

For renewal, the applicants submit the unified application form with requirements to CTO, CTO issues tax order of payment and endorses to BFP for assessment of fire fees. After paying the taxes and fees including fire fees, applicant submits to BPLO the documents then receives the business permit. The BFP, CHO and CENRO will conduct post-inspections. For details, see Annex G.

2. Non-Business Registration Related Inspections

a. Building and Occupancy Permits

Instead of the circuitous process under the old building permitting system, the applicant secures and submits the application form together with the requirements to the OBO. The OBO makes preliminary evaluation endorses the application to the BFP and CPDO/Zoning. The BFP requires the applicant to pay the fire fees, conducts on-site inspection and issues the FALAR3. Simultaneously, the CPDO/Zoning conducts inspection and issues locational clearance. Applicant submits the application form, locational clearance, FALAR3 and other requirements to OBO for final evaluation and assessment of building fees. After payment, the applicant receives the building permit.

When construction is done, applicant files for occupancy permit by submitting the application form to OBO. The OBO conducts inspection, makes final evaluation and requires the applicant to pay the building fees. The BFP requires the applicant to pay the fire fees, conducts on-site inspection and issues the FSEC. The CPDO/Zoning conducts inspection and issues zoning clearance. Applicant submits the application form, zoning clearance, FSEC and other requirements to OBO for the issuance of occupancy permit.

For the building and occupancy permit, the CEO is able to simplify its process to 2 hours and 45 minutes for the issuance of building permit and 3 hours and 30 minutes for the issuance of occupancy permit. Yet, the observance of these periods will still depend on the corresponding simplification of the other affecting regulatory offices such as CPDO / zoning and BFP. While BFP have committed that they will continue studying on how to further lessen their days for conducting inspection from 2-3 days to 1 day (except for large establishments like malls), the CPDO / Zoning will have to do further internal assessment of their procedures for purposes of simplification.

D. Action Plan for Inspection Reforms

After crafting the simplified permitting and inspection system for the issuance of business, building and occupancy permits, the participants prepared an action plan to implement the simplified system including the inspection reforms identified by each regulatory office.

The CPDO/Zoning will recommend a uniform barangay clearance so that the information therein can serve as reference of the office to validate location of the new business. In addition, a GIS will be installed to generate maps. These twin measures will enable the CPDO/Zoning to issue the locational clearance without conducting on-site inspections as recommended by the INVEST study.

The CHO participants claim that they are using professional checklist, identify businesses according to health risk, and follow a set of regulations issued by DOH in the conduct of sanitary and health inspections. The participants formulated a plan to enhance and establish a more friendly inspection system by prior notification of businesses to be inspected, use of uniform, ID, with mission order, and improve the flow chart.

The BPLO will propose the installation of an integrated computerized database system to facilitate the exchange or sharing of information among the regulatory offices thereby facilitating the validation, evaluation and approval of the business permit, whether new or renewal. During the past years, the BPLO observed that many businesses did not claim their business permits after paying their taxes and fees during the renewal period. To solve this problem, BPLO will propose an ordinance imposing penalties to secure/claim the Mayor's permit after January 30 of each year.

The CTO plans to conduct a more extensive information and education campaign, e.g. tax forum, multi-media advertisements, etc. to inform taxpayers of the streamlined BPLS system including inspections. Moreover, the CTO will propose an EO mandating all regulatory office to conduct post-inspections in the renewal of business permit.

The BFP will prepare an inspection manual to guide its personnel in the conduct of inspections to ensure fire safety in all establishments. The manual shall contain, among others, the use of professional checklist, detailed procedure, manner and duration of inspections, etc. The BFP also proposes to classify businesses for inspection based on expiry date of FSIC and risk categorization (enhanced).

For details of inspection reform action plan of Iloilo City refer to Table 6.

**Table 6.
Iloilo City Action Plans on Inspection Reforms, March 2013**

Agency	Proposed Reform/s	Steps / Activities	Time Frame	Responsible Person / Office	Resources Needed
CPDO – ZONING	1. Prescribing a Uniform Barangay Clearance	1. Draft of new format	End of March 2013	<ul style="list-style-type: none"> ▪ CPDO ▪ Punong Barangays ▪ ABC District Presidents 	<ul style="list-style-type: none"> • Printing of maps (scale 1:100m) • Supplies
		2. Subject new format to review as to substance and relevance of contents and applicability to proposed use			
3. Approval of new format		<ul style="list-style-type: none"> ▪ City Legal Office 			
4. Orientation of ABS Presidents to new format					
5. Dissemination of Information of new format from ABC Presidents to Punong Barangays					
	2. Use of Geographical Information System	*See Steps (Computerization)	2014 *Check CITYNET-CBARAD Project	<ul style="list-style-type: none"> ▪ City Mayor ▪ SP ▪ CTO ▪ City Budget Office 	<ul style="list-style-type: none"> • Money/Budget

Agency	Proposed Reform/s	Steps / Activities	Time Frame	Responsible Person / Office	Resources Needed
			Timetable	<ul style="list-style-type: none"> ▪ CPDO ▪ GIS Supplier Installer 	
CITY HEALTH OFFICE	1. Friendly Inspection	1. Notify (Inspection of establishments)	<ul style="list-style-type: none"> • As per establishment • Case to case basis 	<ul style="list-style-type: none"> ▪ Sanitation Inspector ▪ CHO 	<ul style="list-style-type: none"> • Uniform • I.D. • Mission Order • Checklist forms
		2. Flow chart BPLO → CHO <ul style="list-style-type: none"> • Notification of Sanitation Inspector assigned • Inspection <ul style="list-style-type: none"> - Checklist - Health Card • Sanitary Permit 	<ul style="list-style-type: none"> • Quarterly • Twice Yearly • Annually 		<ul style="list-style-type: none"> • Photocopier • Computer • Printer • Vehicle • Transportation allowance • Camera • Inspection Fee
BUSINESS PERMITS AND LICENSING OFFICE	1. Integrated computerized database system	1. Propose to the Mayor	<ul style="list-style-type: none"> • First week of April 	<ul style="list-style-type: none"> ▪ CIP-TWG 	
		2. Systems development	<ul style="list-style-type: none"> • April – July 2013 	<ul style="list-style-type: none"> ▪ I.T. Office 	<ul style="list-style-type: none"> • Programmers PhP100,000.00
		3. Procurement of computer units and network hardwares	<ul style="list-style-type: none"> • Aug – Oct 2013 (Subject to availability of funds) 	<ul style="list-style-type: none"> ▪ BPLO 	<ul style="list-style-type: none"> • Computer units and hardwares PhP100,000.00
		2. Installation of network connection	<ul style="list-style-type: none"> • November 2013 	<ul style="list-style-type: none"> ▪ I.T. Office 	
		3. Training of personnel who will maintain and update the database	<ul style="list-style-type: none"> • After installation 	<ul style="list-style-type: none"> ▪ I.T. Office ▪ Personnel of CHO, BFP and BPLO 	<ul style="list-style-type: none"> • Venue • Meals • Trainer • Supplies
	4. Encoding				
	2. An ordinance imposing penalties to business owners who failed to secure a	1. Propose to SP for the passage of the Ordinance	<ul style="list-style-type: none"> • First week of April 	<ul style="list-style-type: none"> ▪ BPLO 	

Agency	Proposed Reform/s	Steps / Activities	Time Frame	Responsible Person / Office	Resources Needed
	Mayor's Permit during a specified deadline				
CITY TREASURER'S OFFICE	1. Information Education Campaign	1. Tax Forum	• Once a year (August 2013)	▪ CTO	• PhP50,000.00±
		2. Develop materials for multi-media advertisements	• 3 rd Quarter 2013	▪ ICTIPB ▪ CMO ▪ CTO ▪ BPLO ▪ PIO	• PhP50,000.00± (in the city's radio and television slot)
		3. Every opportunity (e.g. DTI Roadshow)	• TBA	▪ All Departments (BPLO, Zoning, CTO, CHO, CTDO)	
	2. E.O. for Post Inspection	1. Focused Group Discussion (Preparation and approval of concerned departments)	• 3 rd Quarter 2013	▪ All concerned departments / heads	
BUREAU OF FIRE PROTECTION	1. Drafting of Inspection Manual	1. Propose to Head (CHO, BFP)	• End of March 2013	▪ CIP-TWG	
		2. Create/organize group (TWG / Task Force) in charge of crafting	• April 1-15, 2013	▪ CHO, BFP	
		3. Writeshop to draft Manual (CHO, BFP)	• April 15 – May 15, 2013	▪ TWG/Task Force (CHO, BFP)	• w/s meals • supplies • facilitator
		4. Present draft for approval	• May 16-23, 2013	▪ TWG/Task Force (CHO, BFP)	
		5. Training (Inspectors)	• May 26-30, 2013 (1 day)	▪ TWG/Task Force (CHO, BFP)	
		6. Implementation	• June 2013	▪ TWG/Task Force (CHO, BFP)	
	2. Risk-Based / Expiry-Based Inspection a. High Risk • Depot,	1. Classify businesses according to: a. Expiration b. Risk	• March 15 – Apr 12, 2013	▪ CHO ▪ BFP	• CHO • BFP (FSI, C, FSES, CFM)

Agency	Proposed Reform/s	Steps / Activities	Time Frame	Responsible Person / Office	Resources Needed
	LPG, Gas Stations <ul style="list-style-type: none"> • New Applications • Expired FSIC • Malls, High-rise buildings, Disco houses, Movie houses, Auditorium • Boarding houses, hotels b. Low Risk <ul style="list-style-type: none"> • Tenants, Kiosks, Sari-Sari Stores 	categorization (updated database)			
		2. Prioritization of businesses to be inspected (1 st – 3 rd priority) schedule of inspection			
		3. Conduct inspection	<ul style="list-style-type: none"> • April 16 onward (BFP – less than 1 day) 		<ul style="list-style-type: none"> • Additional inspection vehicles • Additional personnel
		4. Issue FSIC			<ul style="list-style-type: none"> • Additional computers • Additional personnel

REVISED INSPECTION REFORM ACTION PLAN-ILOILO CITY

Considering the recommendation of INVEST in July 2013, Iloilo City has committed to implement inspection reforms as shown below:

Table 7.
Revised Action Plan- Iloilo City, July 2013

Recommendations	Interventions	Requirements
Streamlining procedures		
Addressing steps that cause significant delay (e.g. Locational (Zoning) & CTO Clearances and Inspection processes for new applicants)	Post (joint) inspection of Zoning, CTO, BFP thru issuance of temporary permit	Buy in BFP, Zoning, CTO Signed EO
Set-up a business-friendly inspection system that follows the guidelines provided by DILG.	Detailed plan/EO with guidelines similar to the proposed MC on inspection (JIT, checklist, schedule, service quality standards)	Buy in BFP, Zoning, CTO, CHO Signed EO
Automation		
1. Electronically link offices involved in business permitting and inspections – BPLO, CTO, OBO, CHO and BFP	Linking/sharing of database c/o IT	Server Buy in BFP, Zoning, CTO, CHO, OBO Signed EO
2. Automate the inspection and construction-related permits, e.g. Building and occupancy	Explore ways to automate the inspection and construction-related permits, e.g. Building and occupancy	Study further
3. Tap online venues for info drives	Explore ways re: online info drives	Study further
Client-centric Services		
Implement joint inspection teams from CPDO, CTO and other offices to avoid multiple visits to business applicants	Organization, guidelines to fully implement JIT	EO

Based on the BPLS Action Plan presented to the mayor last September 9 and 11, 2013, the revised inspection action plan is shown below:

**Table 8.
Revised Inspection Action Plan- Iloilo City, September 2013**

ACTIVITY/TASK	SCHEDULE	PERSONS RESPONSIBLE
Draft and Present Proposed BPLS Plan (Including Inspection Action Plan)	September 9	LEIPO/Oversight Com
Present initial plan to Mayor	September 11	LEIPO/Oversight Com/BPLSTWG
Draft EO/ guidelines inspection reforms (Joint Inspection Team)	September 13	-CPDO -BPLO
Finalize detailed business friendly inspection reform plan, Preparation of checklist, composition and schedules of JIT	September 18	- LEIPO/BPLS TWG
Present EOs to the Mayor for approval	September 19	
Re-echo (departments/units)	September 20	- Department/Unit heads
Pre-test inspection reform	September 23-24	- JIT/LEIPO
Assessment of Pre-test	September 24	-TWG
Start implementation	Upon signing of EO	-TWG

VII. THE BUSINESS FRIENDLY INSPECTION REFORM AGENDA OF CAGAYAN DE ORO CITY

A. End-To-End Business Permitting System Before the Reforms

Since CDO started its streamlining in the LINC-EG Project, its end-to-end business permitting system before reforms is already simplified. CPDO/Zoning uses GIS maps to verify the location of proposed building or business. All related inspections are done after the issuance of new or renewed business permit. The city is currently concentrating on enhancing its computerized system linking the BPLO and CTO and eventually with other regulatory offices.

1. *Business Registration-Related Inspections*

The core BR-linked inspections required by the city government are those for securing the zoning certificate and the sanitary permit. In addition to these, the BFP conducts the fire safety inspection. Since CDO started its BPLS streamlining in the LINC-EG Project, its current business permit process is more or less already simplified. It only takes one day for an applicant to get a business permit. All related inspections are done after the issuance of the business permit. Unlike Batangas and Iloilo, CDO conducts inspections after the issuance of the business permit both for new business applications and for renewals. It gives applicants/registrants three months to submit the clearances, permits and other issuances resulting from inspections. This is an example of the post business registration inspection model.

The CHO also prioritizes inspection scheduling based on risk categories. For the rest, however, there were no clear inspection prioritization systems or procedures. City officials said they are forced to conduct “selective inspection” because of manpower and resource constraints. More specifically, they claimed that small enterprises like sari-sari stores are de-prioritized while big establishments like hotels and malls are prioritized.

The following are the inspections conducted in CDO, and the manner that these are conducted:

- a. *Zoning Inspection.* The CPDO conducts zoning inspections after the release of the business permit. While these are formally part of the zoning clearance process as stated in the zoning ordinance, in practice inspections are hardly conducted, especially in the case of low-risk businesses which are not strictly scrutinized and, in most cases, not inspected provided there are no mismatches between the zoning plan and the type of business for which the clearance is being applied. High-risk businesses are prioritized for inspections.
- b. *Fire Safety Inspection.* The BFP is the office tasked to conduct inspections after the release of a new and renewed business permit. The BFP is supposed to conduct inspections on all business types but, in practice, prioritizes the subjects of inspection, given what they claimed to be limitations in personnel and mobility. Applications from high risk or critical businesses are prioritized in scheduling and given a more in-depth investigation, while low risk ones are inspected as part of the scheduled regular fire inspection per area. Among the businesses classified as “risky structures” by the Fire Marshal are gasoline stations, dormitories, boarding

houses, and hotels. The BFP required four documents other than those previously submitted during the application for the business permit. The BFP required applicants to complete an application form solely for the conduct of inspections and apart from the Unified Form. As regards the seven interfaces, these were all with public personnel and there were no indications that applicants had to secure certifications from any private professional

- c. *Sanitary Inspection.* Like the rest of the regulatory offices of the city government of CDO, the CHO conducts sanitary inspections after the issuance of the business permit. The City's Environmental and Sanitation Division conducts regular inspections in its designated areas with the sequence of inspection being risk-based. High-risk businesses, like food-related businesses and establishments, school canteens, and hospitals, are inspected first. Other establishments are also inspected as part of the scheduled inspections done per barangay or area by pre-assigned sanitary inspectors.

Besides the core inspections, there are also miscellaneous inspections or those that are specific to types of businesses. One of these is that for the issuance of the Regulatory Complaints Board (RCB) Clearance. The RCB office head, City Councilor Arturo de San Miguel, concurrent Secretary to the *Sanggunian*, described the clearance as a "social acceptability" permit. An Internet café owner interviewed said that it took her about one to two weeks to secure the RCB clearance. After filing an application at the RCB, she attended a seminar along with several other business registrants at the City Council Hall where they were briefed on the guidelines for operating Internet cafes. She then paid a ₱100 "inspection fee" and recalled being able to get her RCB clearance after a "couple of days".

Since the time indicators for all offices were gathered through interview with city officials as opposed to time study of actual inspections, it should be considered as very likely understated and therefore the shortest processing time. In a phone survey of 17 randomly-selected applicants that already obtained their business permits, 40% said their establishment was inspected within 45 days while 40% said they were inspected after 45 days.

See Annex H for the details of the business permitting system in CDO.

2. *Non-Business Registration related Inspections*

a. *Building*

It appears that getting building permit and occupancy permit in CDO will, at present take at least three days each. The Office of the Building Official (OBO) would have the most number of steps in getting a building permit. The OBO in CDO is the one issuing an endorsement to the zoning office in contrast to Batangas and Iloilo where the CEO or OBO requests first the applicant to secure a clearance/certificate from the zoning office. It is noted, however, that the involved offices do not conduct onsite-inspection. The Zoning Division uses GIS maps to verify location of the business while the OBO and BFP do desk evaluation of the building plans submitted by the applicant.

The OBO endorses the building plans to the City Assessor's Office (CAO). Zoning and BFP. CAO, however, only gets a copy of the building plan to serve as basis in the preparation of real property tax declaration once the building is completed.

The building permit process before reforms is shown in Annex H.

b. Occupancy

While there are four offices involved in the issuance of building permit (excluding CTO), only the OBO and BFP are involved in the issuance of occupancy permit. After receiving the endorsement from OBO, the applicant is required to pay the fire fees before the BFP conducts inspections. On the other hand, OBO undertakes inspection then require the applicant to pay the fee before issuing the occupancy permit.

The occupancy permit process before reforms is shown in Annex H.

B. Compliance with Inspection Guidelines

Table 9 shows the compliance of city inspection offices and BFP with the guidelines for determining whether the city’s inspection system is business-friendly. The information in the table is based on interviews with city officials.

Compliance was deficient in four (4) guidelines. City offices and the BFP did not issue prior notice. Only the CHO had and used a professional checklist, although they did not disclose the standards/criteria contained therein prior to the inspection. Only the BFP carried the proper authority in the form of an Office Order. BFP claims to release the inspection’s output (clearance/certificate/permit) a day after the inspection but CPDO releases the zoning clearance after more than a day. CHO claims to release the sanitary clearance right after the inspection on-site if there are no negative findings.

**Table 9.
CDO’s Inspection Characteristics Assessed Against Guidelines**

Guidelines	CPDO	CHO (interviews)	BFP (tailing)
Sufficiency of statutory/regulatory basis	LGC, Local Zoning Ordinance	Sanitation Code, LGC, Local Sanitation Ordinance	Fire Code (RA 9514)
Prior Inspection Notice	None	None	None
Creation & Use of Professional Inspection Checklists & its Prior Disclosure	No	Yes	No
	NA	No	NA
Prompt Notification of Results <i>(if there is no negative finding, clearance should be issued the day after)</i>	Exceeded; 1.5 days*	Met; 1 day	Met; 1 day*
Inspectors’ Qualification	Engineer	Sanitary Engineer	Licensed Engineer or has taken the Inspector’s Exam
<i>Professional Procedures</i>			
Proper Authority & Proper Identification	None	None	Office Order
	ID	ID	ID/Badge and Uniform
Registrant Representation during Inspection	Yes	Yes	Yes
Duration of Inspection Time	20 mins (ave)	30 mins (ave)	45 mins (ave)
Number of Inspectors	2	1 to 2	2

C. Simplified End-To-End Inspection and Permitting System

1. *Business Registration Related Inspections*

As mentioned earlier, CDO started its BPLS streamlining in the USAID LINC-EG Project so its current business permit process is more or less already simplified. New business permitting as well as renewal will both observe the same procedures, which can be completed within a day. An applicant will just have to go to the CTO/BPLD to file, pay and claim the business permit. The rest of the permitting and inspection process can be done after the issuance of the business permit. To lessen the processing time, CDO planned to enhance its computerized system by linking the CTO and the BPLO. The details of the proposed streamlined process is shown in Annex 9.

2. *Non-Business Registration Related Inspections*

Building and Occupancy Permits

In the simplified process for the issuance of building and occupancy permits, the participants lessened the processing days from three (3) to two (2). The CAO will no longer be part of the process in the issuance of building permit while OBO will just have two steps in Day 1 compared to the four steps it currently has. For the occupancy permit, BFP will now have its processing in Day 1 compared to the present when it comes into the process only in Day 2. See Annex I for details of the streamlined building and occupancy permit process.

D. City Action Plan

Process-wise, the CDO end-to-end permitting system is already simplified so most of the reforms to be implemented as per action plan centered on facilitating the conduct of inspection. For instance, the OBO plans to prepare a comprehensive database of existing commercial buildings to be used as bases in determining buildings for inspection during the year. Also, a uniform barangay clearance form will be recommended for purposes of securing building permits.

CPDO/Zoning will use GIS maps to verify the location of proposed buildings and new businesses. It will also recommend a uniform barangay clearance form containing information to validate the location of the business.

The CTO, on the other hand, shall prepare a list of business establishments that will be subject to verification regarding their declared gross receipts/sales. As part of the inspection reform, the CTO inspectors shall provide immediately a copy of the results of their verification to the taxpayer.

The major reforms to be implemented by BFP are the drafting of manual of inspections to serve as guide for fire inspectors and the use of risk- and expiry-based risk classification of business establishments to prioritize businesses subject to inspections during the year.

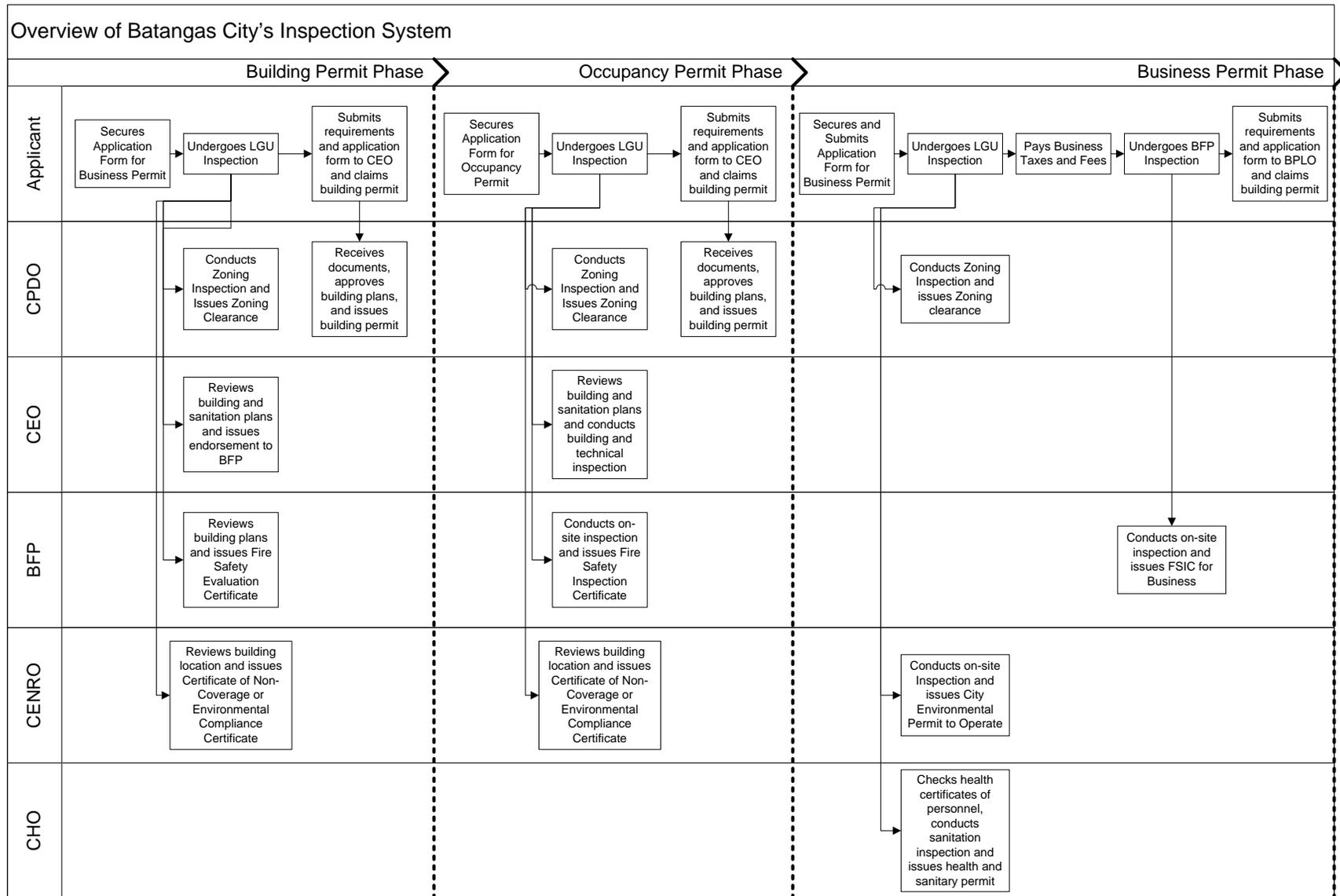
The BPLO will spearhead the advocacy on the use of uniform barangay clearance form, use of professional checklist by office and the installation of integrated computerized inspection system.

See Table 10 for details of the city action plan.

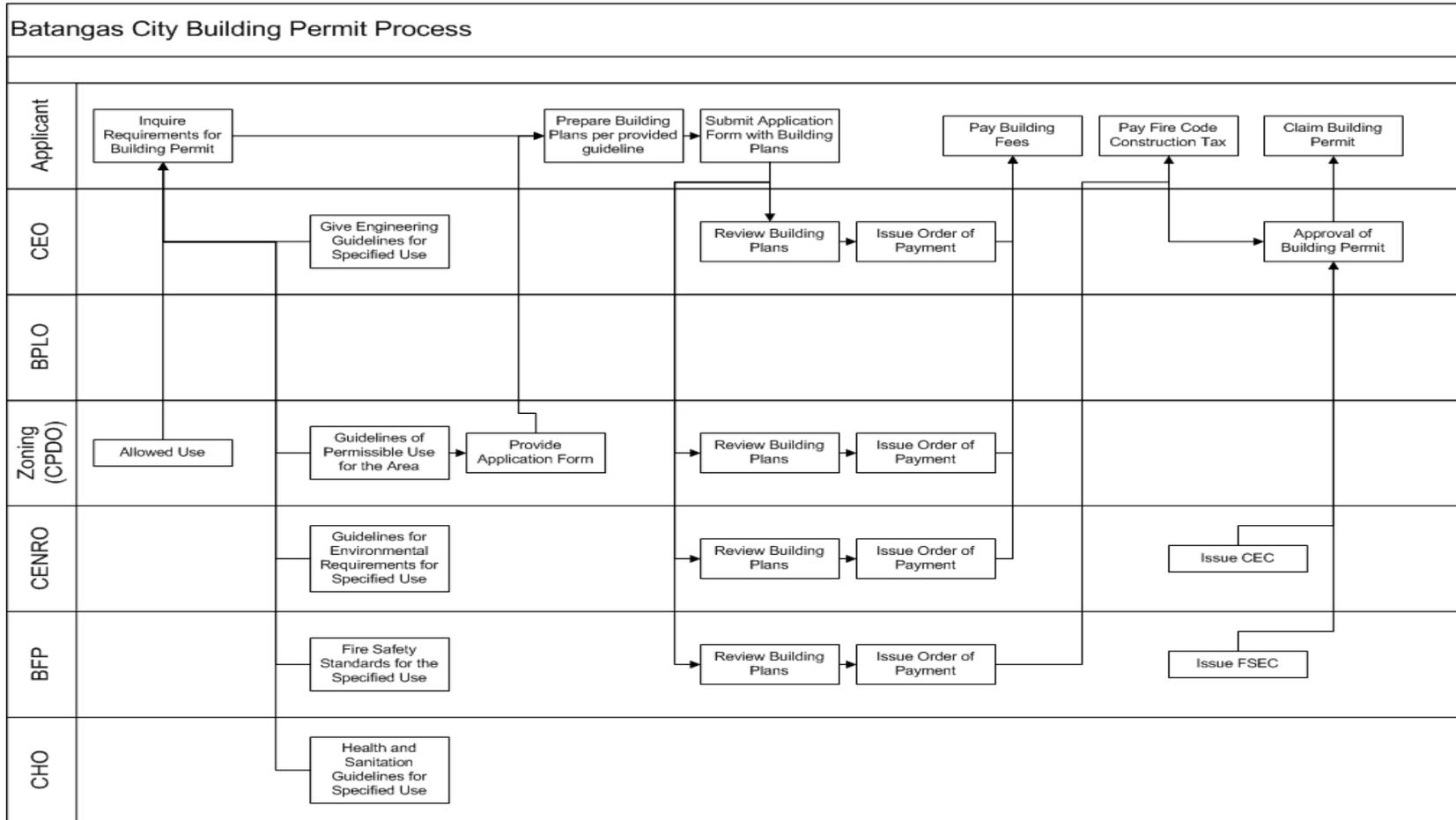
**Table 10.
Cagayan de Oro City Action Plan for Inspection Reforms**

Activities	Timeframe	Responsible Office	Remarks
Submit forms to CTO for updating and uploading	OBO, BFP, Health, CPDO, CTO, CAO	November 15	include guidelines, checklist and risk categorization
Meet and Discuss with service provider the updating of forms uploaded in the website	CDO-IT Team	November 16-29	Need to review the contract before the meeting with the service provider
Upload forms in website	CDO-IT Team	November 29	
Dry-run new BPLS System	INVEST, CDO	December 3-5	Training on Customer Relations will be held as back to back activity with the dryrun
Training on Customer Relations	INVEST, CDO	December 3-5	
co-locating the BFP within the BOSS	CTO Team/BFP	November 29	
Modification of the BPLS programs	CTO Team	November 2012	with the EO passed CTO/IT Team will be working on updating the system
Utilize digital signature of the mayor	OK	OK	Mayor already issued the EO
Convene CIO and BPLS TWG to discuss possible IEC activities	CIO and BPLS TWG	November 2012	CIO is currently not included in the BPLS TWG
Updating the CDO City Website	Service Provider	November 2012	To be handled by the service provider

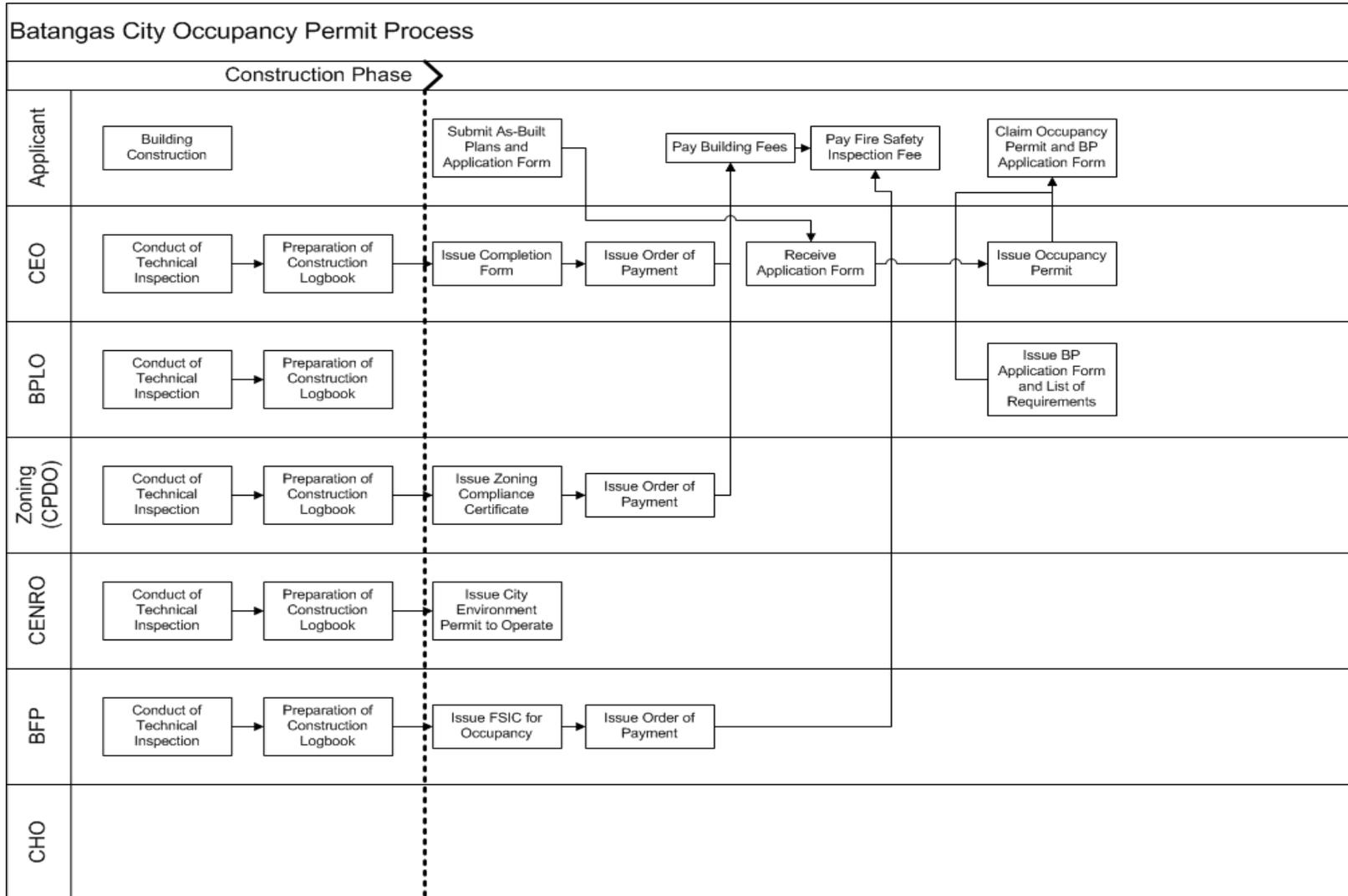
Annex 1. Overview of Batangas City's Inspection System



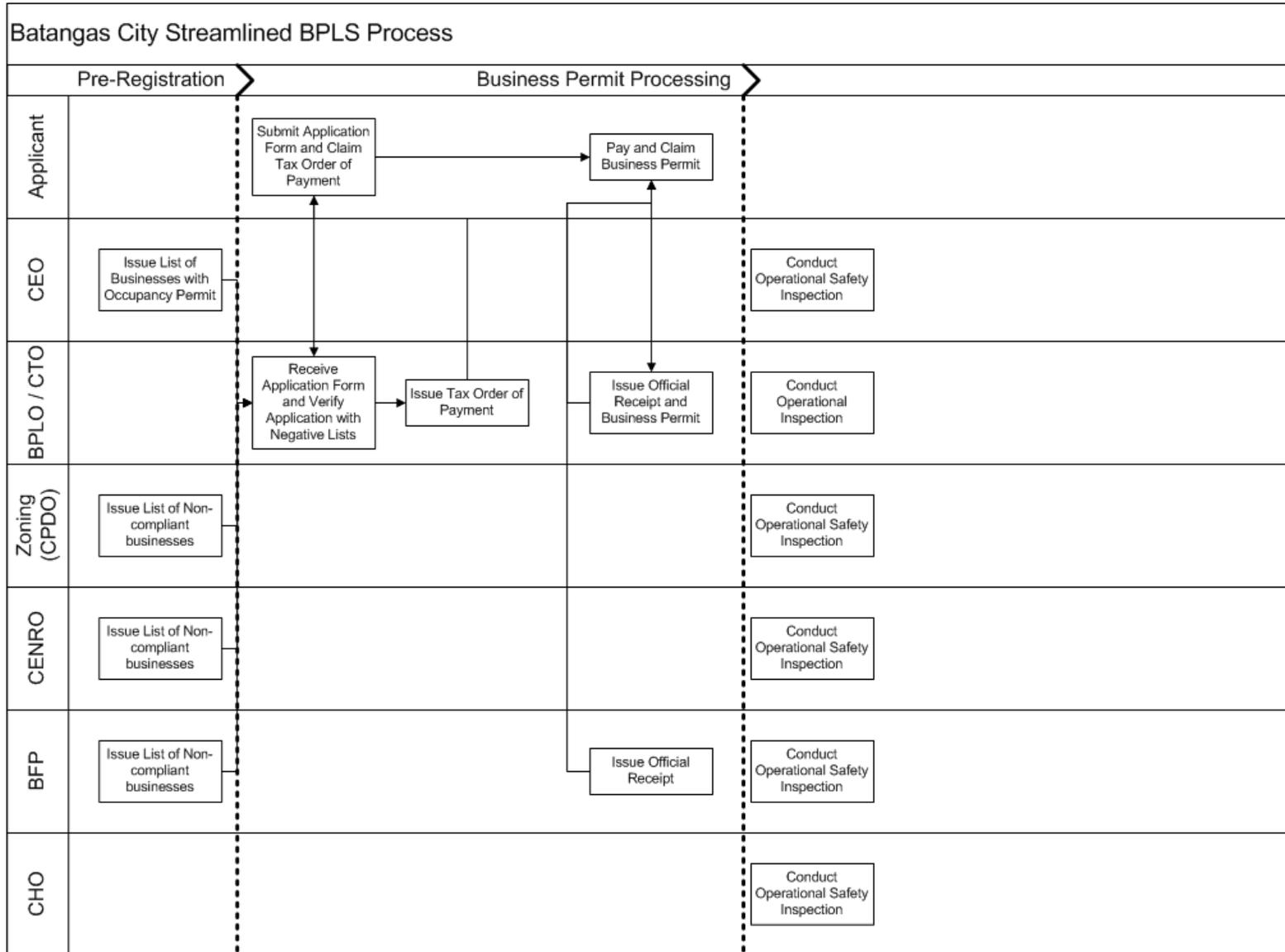
Annex 2. Proposed Inspection System of Batangas City for Building Permitting



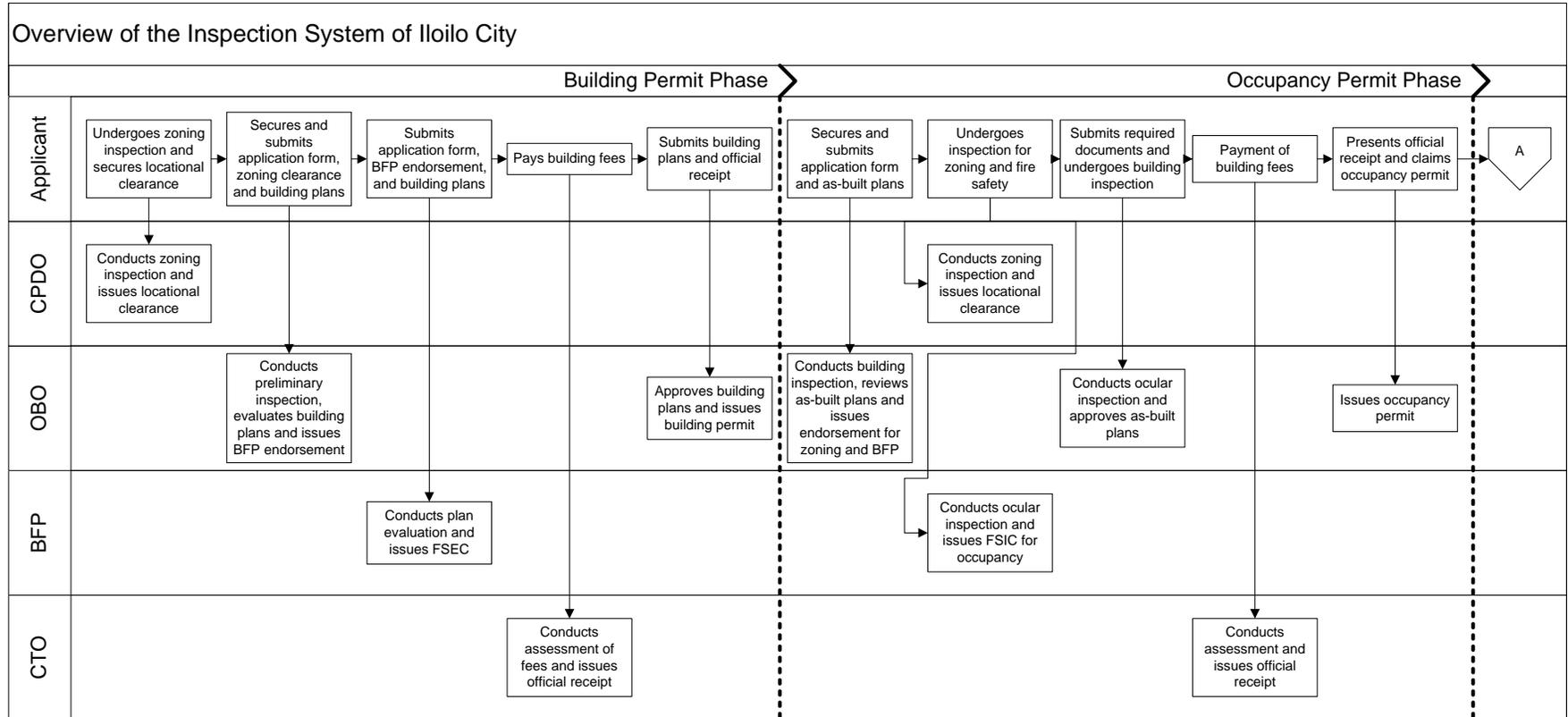
Annex 3. Proposed Inspection System of Batangas City for Occupancy Permitting



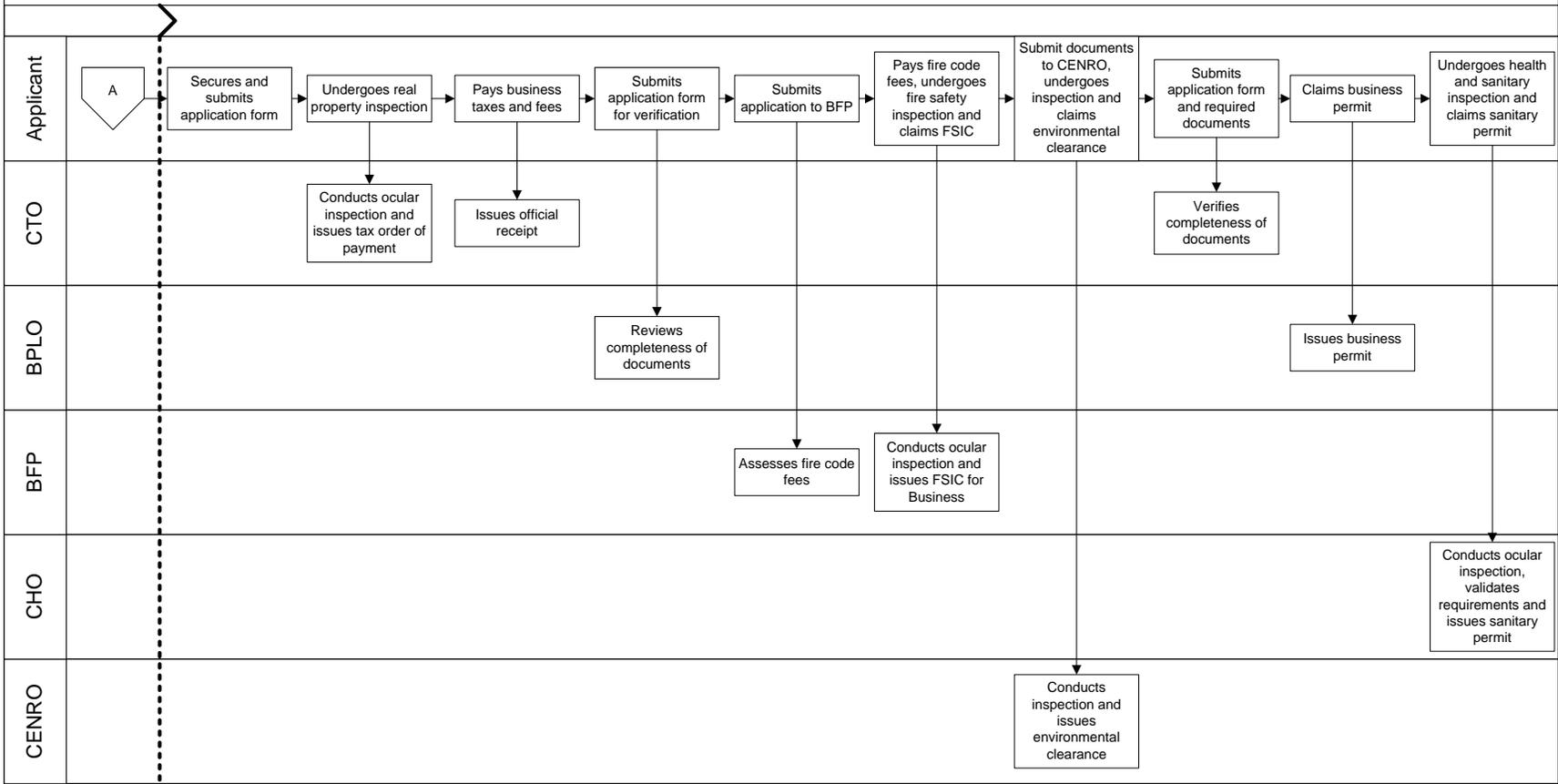
Annex 4. Proposed Inspection System of Batangas City for Business Permitting



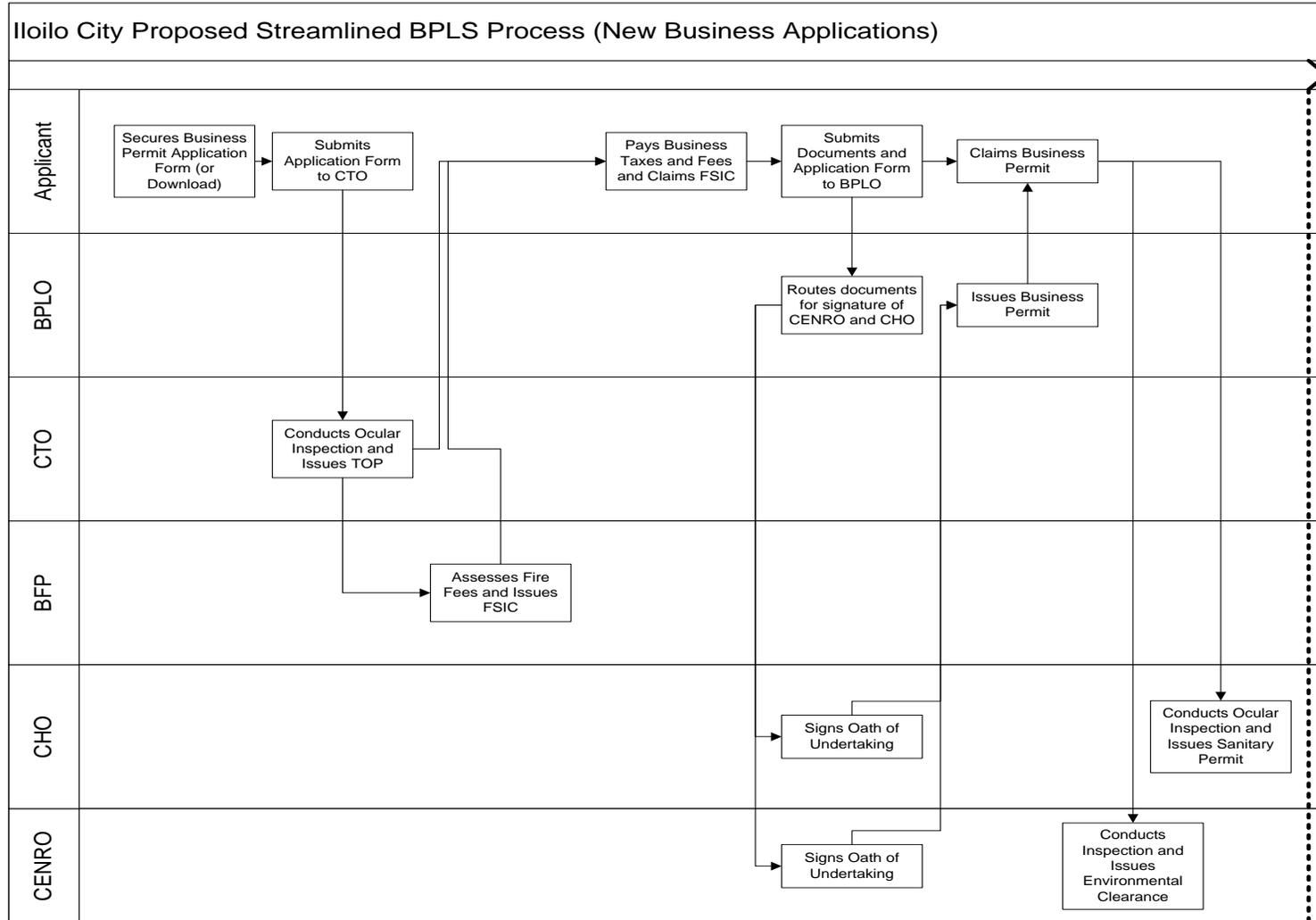
Annex 5. Overview of the Current Inspection System of Iloilo City



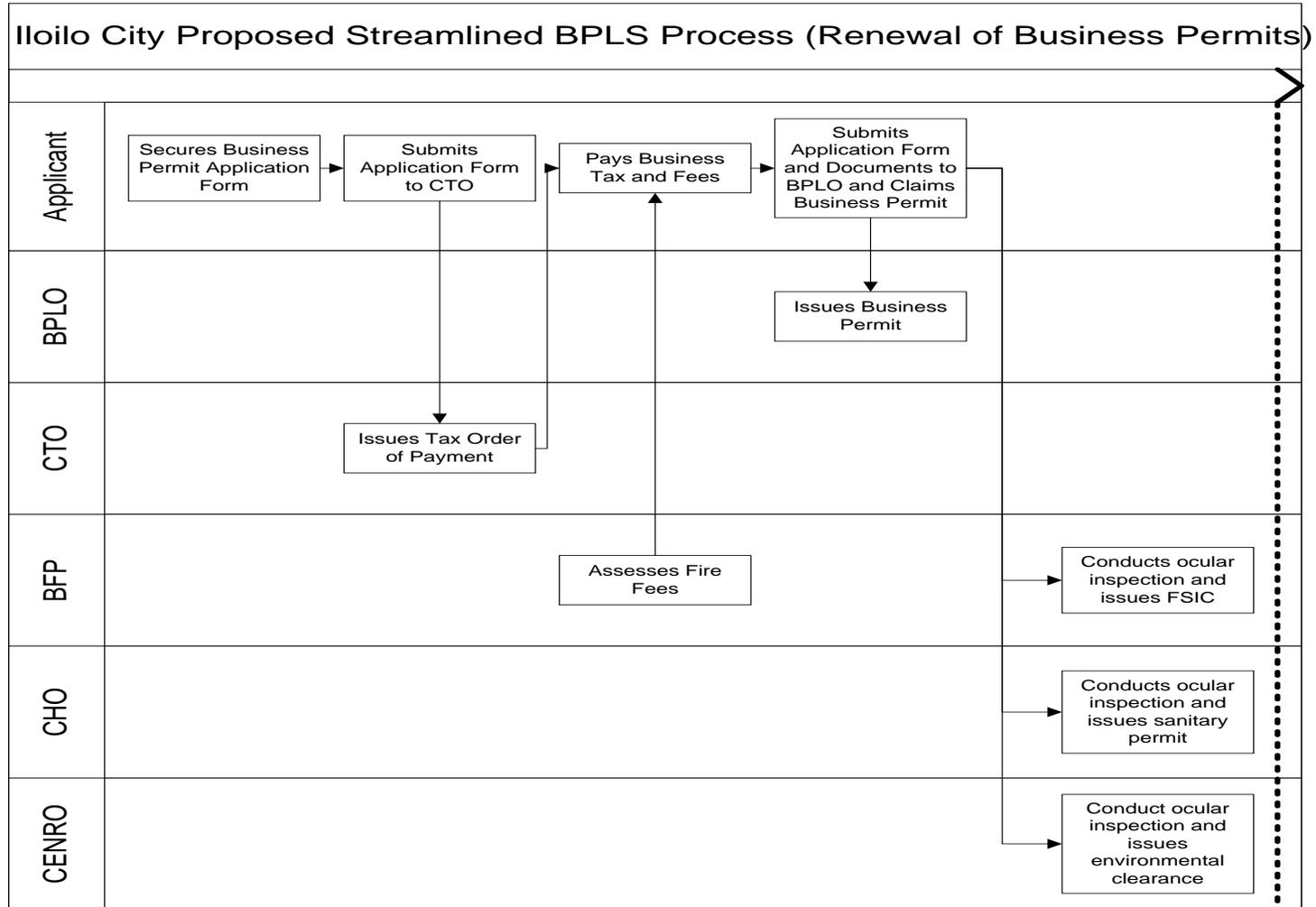
Overview of the Inspection System of Iloilo City



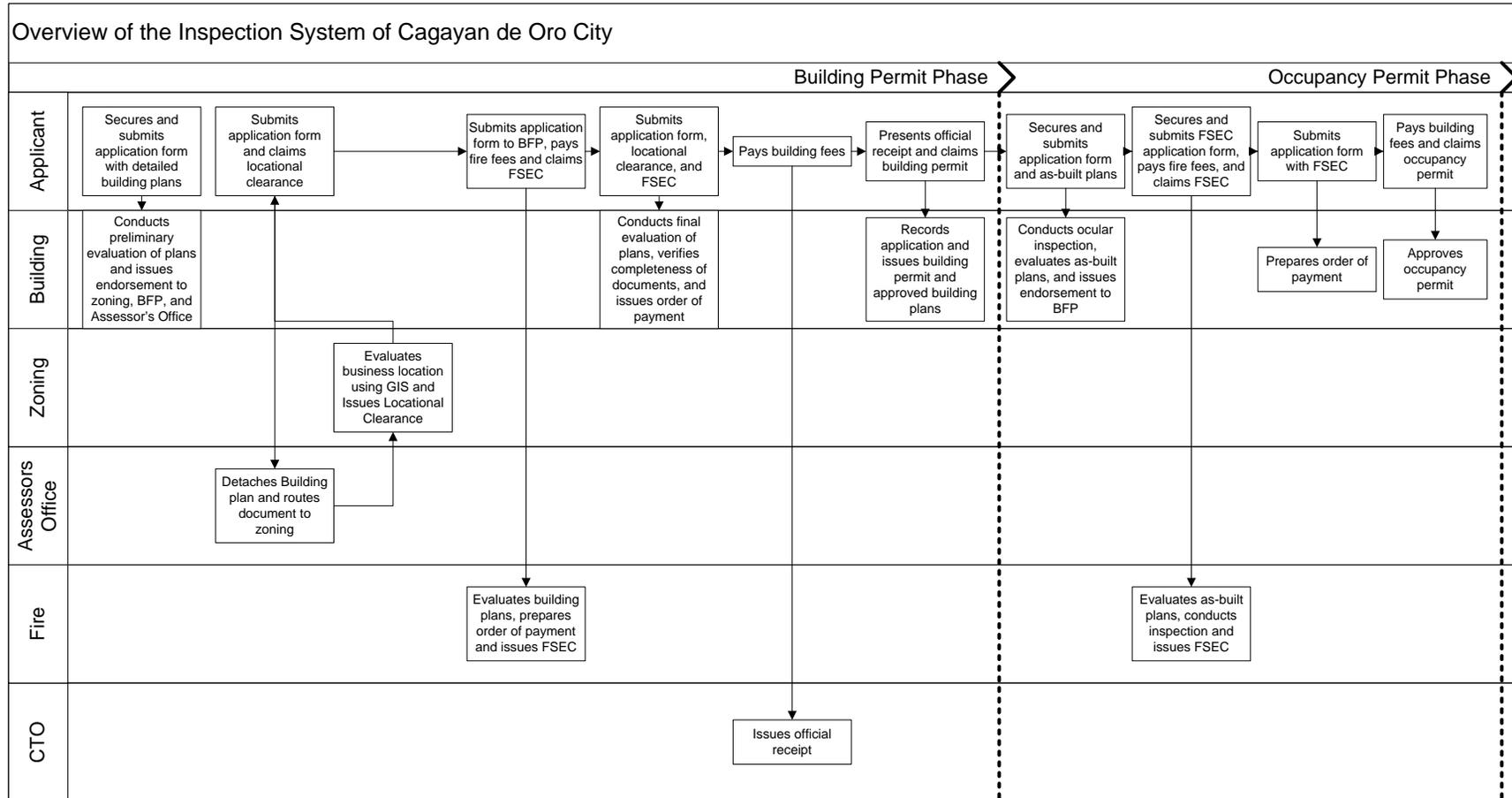
Annex 6. Proposed Inspection System for New Business Applications of Iloilo City

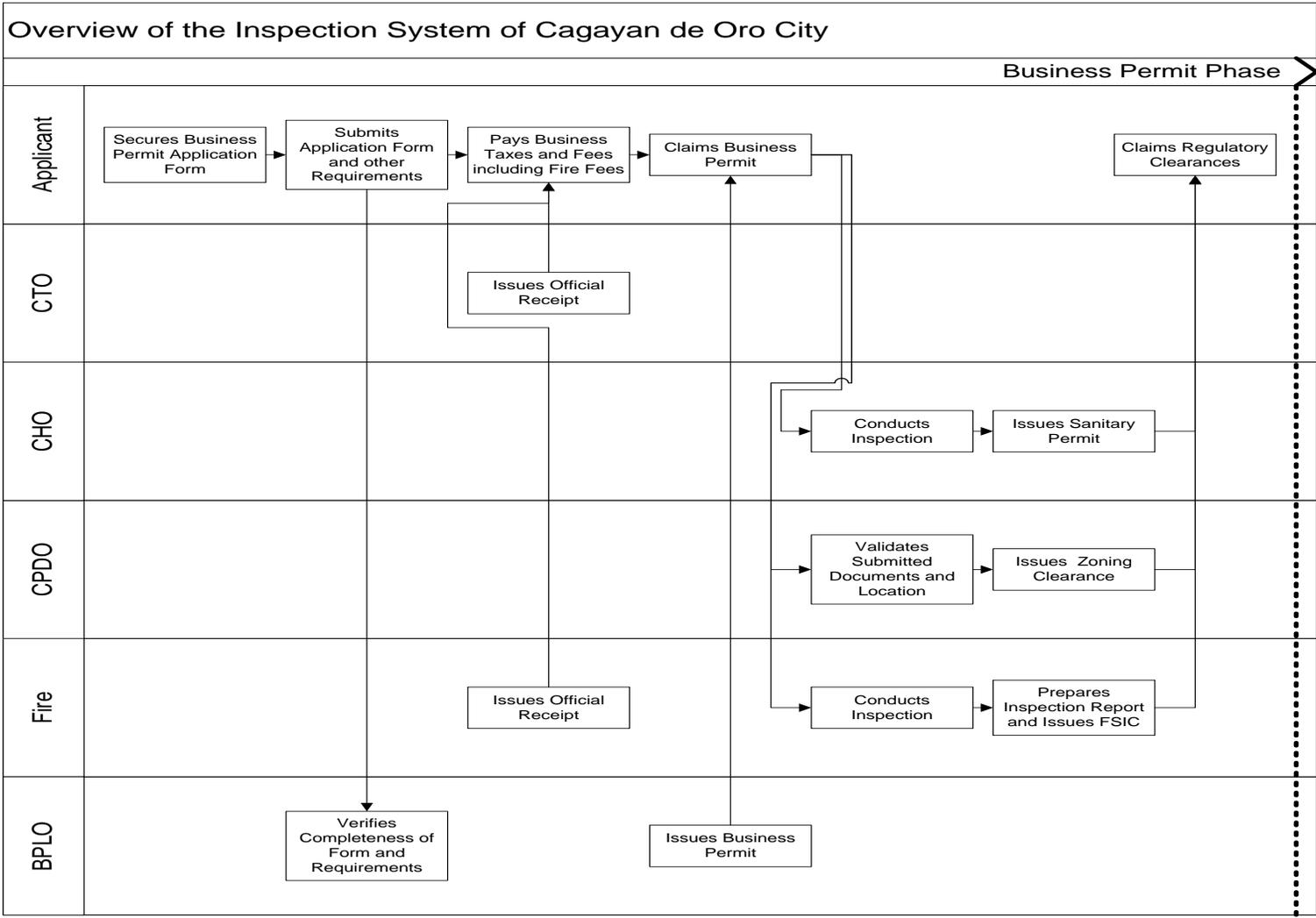


Annex 7. Proposed Inspection System for Renewal of Business Permits of Iloilo City

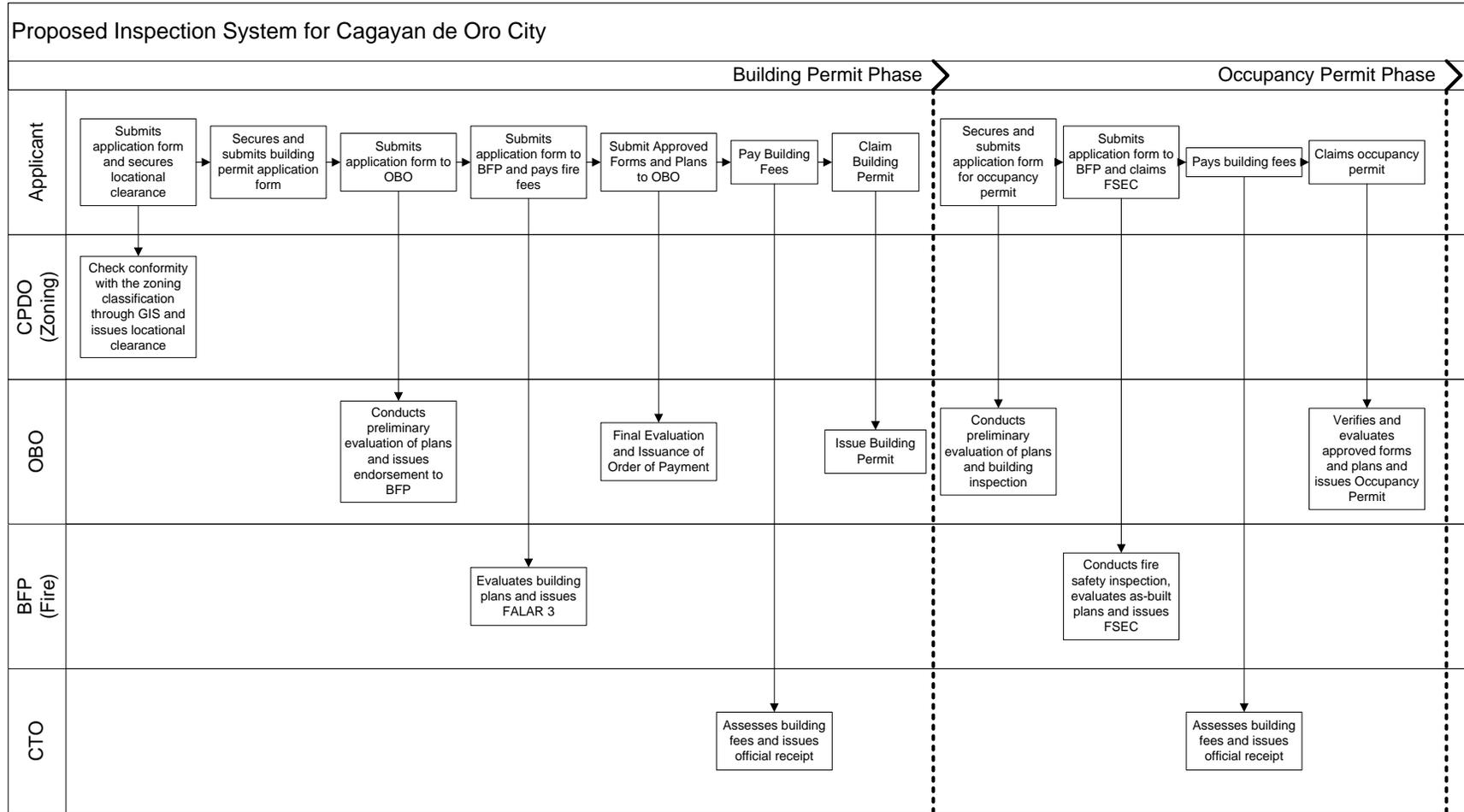


Annex 8. Overview of the Current Inspection System of Cagayan de Oro City

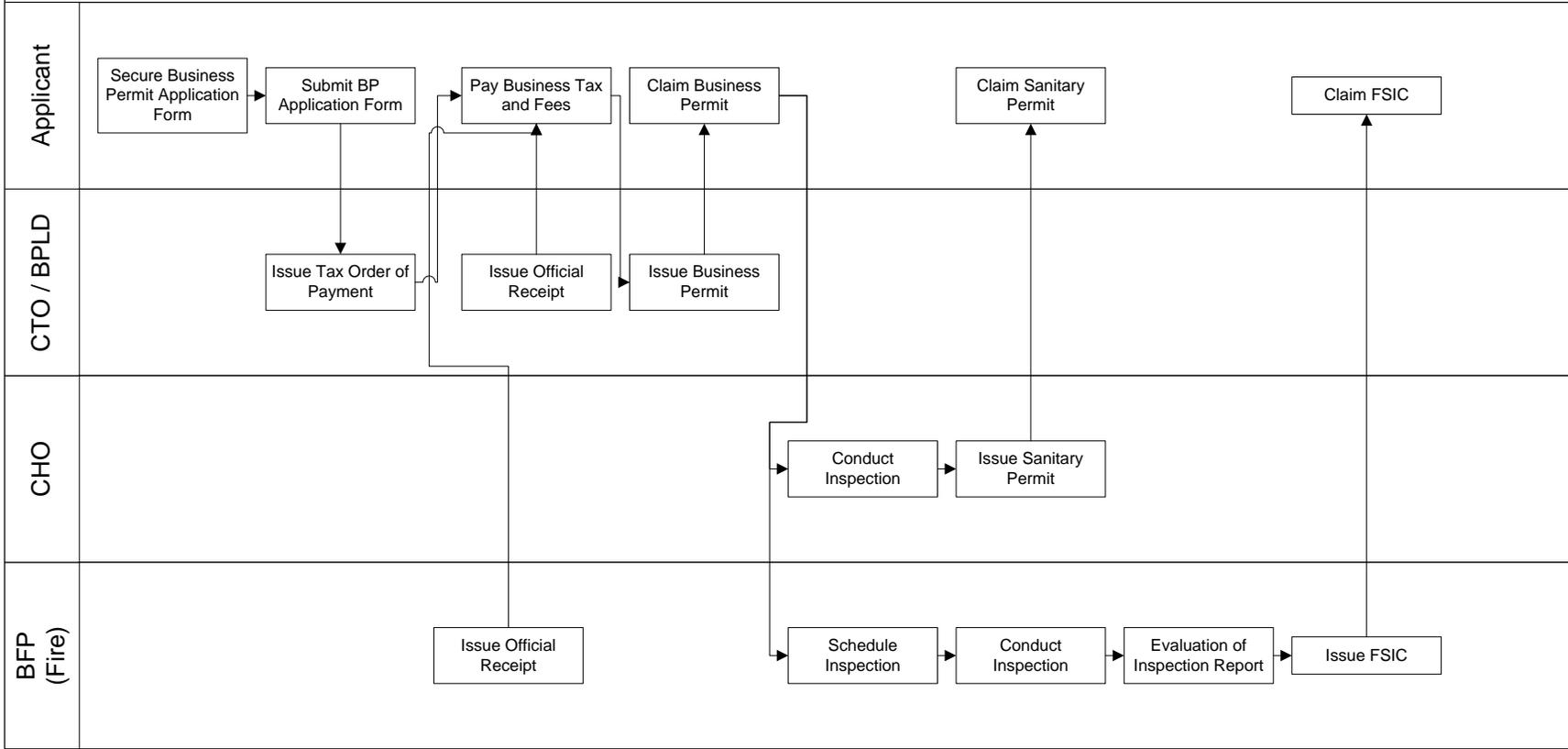




Annex 9. Proposed Inspection System for Cagayan de Oro City



Proposed Inspection System for Cagayan de Oro City



Annex 10. Batangas City Executive Order for the Creation of the Joint Inspection Team



Republic of the Philippines
Batangas City

Office of the City Mayor

Tel. Nos. (043) 723-1511 • 723-2930
Fax No.: (043) 723-1558

Executive Order No. 30, Series of 2013

ADOPTING THE CONCEPT OF A BUSINESS-FRIENDLY INSPECTION SYSTEM THROUGH OPERATIONALIZING THE JOINT INSPECTION TEAM (JIT) - DISCLOSURE AND REVENUE INSPECTION TEAM (DRIT) IN BATANGAS CITY

WHEREAS, the city government adopted Executive Order 32 s.2012 to implement innovations in business registration which supports the thrust of the city government in promoting a business-friendly environment which will help the city become more competitive in attracting new investments;

WHEREAS, Batangas City is one of the three pilot cities of the United States Agency for International Development (USAID) Investment Enabling Environment (INVEST Project) which provides technical assistance in streamlining business registration process of the city government;

WHEREAS, to complement the reforms in business registration; it is essential to pursue also reforms in the inspection process for business establishments;

WHEREAS, the city government of Batangas issued Executive Order (EO) 8 s. 2013 to adopt the inspection reform action plan to establish a business-friendly inspection system in Batangas City in pursuit of enhancing the inspection system, particularly promoting transparency and ease disruptions of any business;

WHEREAS, the INVEST Project facilitated several Inspection Workshops in 2012 and 2013 to help the city define its strategic actions in establishing a business-friendly inspection system to be jointly implemented by the city government and the National Government Agencies (NGAs), particularly the Bureau of Fire Protection and Social Security System (SSS);

WHEREAS, the city government identified and created the Joint Inspection Teams based on the inspection matrix system to attain a business-friendly inspection system for Batangas City;

WHEREAS, for further implementation of the reforms in business registration, there is a need to operationalize the created JIT for the Disclosure and Revenue Inspection Team for Batangas City;

NOW, THEREFORE, I, EDUARDO B. DIMACUHA, Mayor of the City of Batangas, by virtue of the powers vested upon me by law, hereby order to operationalize the Disclosure and Revenue Inspection Team defining its composition and functions:

Section 1. Composition. The members of the Disclosure and Revenue Inspection Team are as follows:

Business Permits and Licensing Office

City Environment and Natural Resources Office (physical presence not required)

Office of the City Market Administrator (for applicable businesses only)

Office of the City Veterinary and Agricultural Services (for applicable businesses only)

Social Security System

Bureau of Fire Protection (physical presence not required)

Section 2. Mandate. The team shall have the authority:

- 2.1.1. To verify information declared by the business operator/s in the application for business license and renewal of business permit;
- 2.1.2. Identify unregistered businesses operating in the locality; and
- 2.1.3. Monitor changes and developments in business activities in the locality

Section 3. Specific Team Functions and Responsibilities.

3.1.1 Business Permits and Licensing Office (BPLO)

- Ensure compliance of business establishments to the national and local regulations and policies
- Ensure that all existing establishments operating in Batangas City have Mayor's permits and licenses

3.1.2 Office of City Market Administrator (OCMA)

- Provide list of stalls holders without business permits (Market I, II, III)
- Oversee that pre-requisites before issuance of certification will be completed such as full payment of occupancy fee, no delinquency in their monthly rentals and declaration of exact number of employees

3.1.3 Social Security System (SSS)

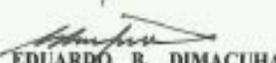
- With the registered employers
 - Validate the actual number of employees and the actual contribution due (salary)
 - With the Self-employed members
- Contribution payments must be updated
- Those unregistered
 - Coverage of the unregistered and its employees (business establishments)
 - Coverage of the self-employed

Section 4: Schedule of Inspection: The schedule of inspection of the DRIT shall be from February to December 15 each year.

Section 5: Funding: Funds for the mobilization of the team, the inspection tools needed, uniform and ID, service vehicle and other incidental expenses for the purpose shall be set aside from the funds of the Office of the City Mayor.

Section 6. Effectivity of this Order: This Executive order shall take effect immediately and shall remain enforce unless otherwise amended.

Done in Batangas City this 30th day of September on the year of our Lord Two Thousand and Thirteen.


EDUARDO B. DIMACUHA
City Mayor

Attested:

Atty. Victor Reginald A Dimacuja
Secretary to the Mayor

cc: All offices concerned