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# ASSESSING THE ONE-STOP SHOP AT MINISTRY OF INDUSTRY & TRADE

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# **ASSESSING THE ONE-STOP SHOP AT MINISTRY OF INDUSTRY & TRADE**

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND  
QUALITY (SABEQ)

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BEARINGPOINT, INC.

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## **DISCLAIMER:**

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## **EXECUTIVE SUMMARY**

The objective of this report is to capture, in summary form, all the information about the One-Stop Shop that was established at the Ministry of Industry and Trade for registering companies in Jordan, in order to assess the mandate and the status of this One-Stop Shop, and compare it with the similar information that are available about the Jordan Investment Board's One-Stop Shop.

The report provides a comparative description in narrative and matrix formats that include the purpose of establishing the above mentioned One-Stop Shops, their mandate, entities represented at the One-Stop Shops and the authorities given to their representatives; the organizational setup and the relationship between the represented entities and the Ministry of Industry and Trade and JIB respectively, range of services provided and the forms and templates used.

Additionally it provides concluding remarks based on the observations and comparative data.

## **INTRODUCTION**

### **BACKGROUND**

The Sustainable Achievement of Business Expansion and Quality (SABEQ) program is an initiative funded by USAID as part of its overall economic cooperation with the Government of Jordan (GOJ). The purpose of SABEQ is to increase the number of Jobs available to Jordanians and boost economic growth by enhancing the competitiveness and productivity of Jordan's private sector firms. By both supporting improvements in the business environment and providing assistance to expand innovation and productivity in Jordanian businesses, the program's four components work all support the common objective of building up of the private sector- Jordan's companies, innovators and entrepreneurs – as a powerful engine of economic growth.

The SABEQ approach is focused on practical implementation. The Removal of GOJ Constraints on Private Sector Competitiveness component of SABEQ aims to dramatically reduce public sector constraints on the growth, innovation, and productivity of the private sector in Jordan. By working to improve processes, people, and mindsets in governments and private sector organizations, and by simplifying laws, regulations and instructions that hinder private sector innovation and growth, SABEQ aims to support investment and innovation across Jordan's economy.

The Doing Business 2006 Report issued by the International Finance Corporation (IFC), member of the World Bank Group, indicated areas of weakness in starting a business in Jordan, which measures the bureaucratic and legal hurdles an entrepreneur must overcome to incorporate and register a new firm, and recommended introducing improvements in this area and other areas to improve the business environment in Jordan. Therefore and in an effort to simplify the process, the Ministry of industry and Trade established a One-Stop Shop at the Ministry which included representatives from the Chamber of Trade and Industry as well as a representative of the Municipality of Greater Amman, all responsible for providing the services of their entities to entrepreneurs with the Ministry. Unlike the One-Stop Shop in Jordan Investment Board (JIB) which extends its services exclusively to bigger investors or to specific sectors, the new One-Stop Shop of MIT provides its services to everyone, yet the method of extending such services and the coordination scheme between the Ministry and the representatives of the existing services is still not clear.

### **OBJECTIVES**

The objective of this report is to capture, in summary form, all the information about the One-Stop Shop that was established at the Ministry of Industry and Trade for registering companies in Jordan, in order to assess the mandate the status of this One-Stop Shop, and compare it with the similar information that are available about the Jordan Investment Board's One-Stop Shop which includes mainly the following:

- The purpose of establishing the mentioned One-Stop Shop and its mandate;
- The entities represented and the authorities given their representatives;
- The organizational setup and the relationship between the represented entities and MIT;

- The range of services provided;
- The forms and templates used.
- 
- The information was compiled utilizing desk research, primary research and meetings with stakeholders.
-

## **COMPARATIVE DESCRIPTION**

This section provides a brief comparative description of the Ministry of Industry and Trade and Jordan Investment Board One-Stop Shops. It includes the purpose of their establishment, legal framework, organizational setup, representative entities, and range of services provided alongside templates / forms used.

### **MINISTRY OF INDUSTRY AND TRADE ONE-STOP SHOP**

The Ministry of Industry and Trade One-Stop Shop was established in 2002. It serves both the Ministry of Industry and Trade when registering ‘Individual Companies’ while serves the Companies Control Department, housed within the Ministry premises, when registering ‘Partnership Companies’.

### **PURPOSE**

The main purpose for establishing the Ministry of Industry and Trade One-Stop Shop is to provide investors with a single convenient place in order to facilitate company registration and post registration services for all types of companies.

The Ministry of Industry and Trade One-Stop Shop was established upon the Minister’s decision, then HE Dr. Ahmad Hindawi. It was established in close coordination and arrangement with the current external entities present at its premises.

### **LEGAL FRAMEWORK**

The registration of individual companies is mandated by the ‘Industry and trade law 18/1998’ and amendments and its relevant regulation 94/1998 established under the Ministry of Industry and Trade, while the Partnership Companies registration is mandated by ‘The Companies Law No. 22 of 1997’ established under the Companies Control Department.

### **REPRESENTATIVE ENTITIES**

The Ministry of Industry and Trade One-Stop Shop include representatives from:

- Ministry of Industry and Trade (MIT) / Central Registration Directorate (around 60 persons)
- Companies Control Department (CCD) – ( around 42 persons)
- Amman Chamber of Commerce (COC) - (2 persons)
- Amman Chamber of Industry (COI) - (2 persons)
- Income and Sales Taxes Department (ISTD) - (3 persons)
- Greater Amman Municipality (GAM) – (5 persons)

## ORGANIZATIONAL SETUP

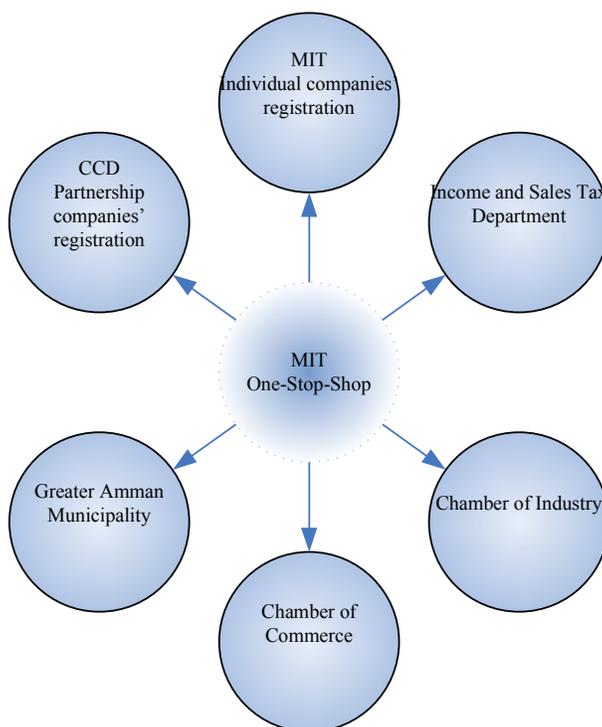
The One-Stop Shop setup at the Ministry of Industry and Trade is based around representatives from Amman Chamber of Commerce (COC), Amman Chamber of Industry (COI), Income and Sales Taxes Department (ISTD) and the Greater Amman Municipality (GAM) housed with the premises which also includes the Central Registration Directorate and the Companies Control Department (CCD).

All the above mentioned entities are housed within the One-Stop Shop and are given authorities to complete their processes at MIT including fees payment with the exception of Greater Amman Municipality that only fulfills part of its requirement, which deals with the renewal process of business permitting and not the issuance.

There is no front or back end to this type of One-Stop Shop setup. It is just entity stations housed within the Ministry of Industry and Trade premises. No process / document work flow of any kind, therefore no front and back end setup. Investors are directed to these stations through the representative from Companies Control Department representative or the Central Companies Registration to where they need to go for post registration services. There is an Information desk that services the entire ministry that can also provide similar information and direct investors of available services.

These entities are not connected together via any electronic means.

See figure 1.0 below



**Figure 1.0 Ministry of Industry and Trade One Stop Shop Organizational Structure**

## **RANGE OF SERVICES PROVIDED**

The Ministry of Industry and Trade One-Stop Shop provides the following services:

### Company Registration Services:

- Central Registration Directorate: Registration of individual companies and trade marks.
- Companies Control Department: Registration of all types of companies as stipulated by the law: General Partnership, Limited Partnership, Limited Liabilities, Limited Partnership in Shares, Private Shareholding Companies, Public Shareholding, Foreign Companies (Operating and Non-Operating), Companies incorporated according to agreements with the government and other countries, Civil Companies, Non-Profit companies, Exempt Companies (Offshore companies) and Holding Companies.

### Post Registration Services:

- Amman Chamber of Commerce: Companies that perform commercial operations in Jordan are required to register with the Amman Chamber of Commerce. The COC representative at MIT One-Stop Shop will collect fees and issue 'Membership Certificate' there and then.
- Amman Chamber of Industry: Industries operating in Jordan are required to register with the Chamber of Industry. The COI representative at MIT One-Stop Shop will collect fees and issue 'Membership Certificate' there and then.
- Income and Sales Taxes Department: All companies operating in Jordan are required to register with the Income and Sales Tax Department. ISTD will process and issue "Tax Payer" file and number for the investor.
- Greater Amman Municipality: All operating companies are required to obtain a 'Professional License' also known as 'Vocational License'. GAM services at MIT One-Stop Shop are only limited to the renewal process of these licenses.

## **TEMPLATES/ FORMS USED**

### Ministry of Industry and Trade / Central Registration Directorate

- Company Registration Application (Basic Information form, Company Founding Contract, Company's Memorandum of Association)

### Companies Control Department

- Company Registration Application (Basic Information form, Company Founding Contract, Company's Memorandum of Association)

### Chamber of Commerce

- COC Registration and Membership Application (Less than JD 30,000 in registered capital)

- COC Registration and Membership Application (More than JD 30,000 in registered capital)

Chamber of Industry

- COI Registration and Membership application
- COI Membership Modification Form

Income and Sales Taxes Department

- ISTD Registration Application
- Personal Information Form
- Authorization Form

Greater Amman Municipality

- Professional Licensing Renewal Form

## **JORDAN INVESTMENT BOARD ONE-STOP SHOP**

Jordan Investment Board One-Stop shop is a setup that combines representatives located at the Jordan Investment Board from most of the governmental agencies dealing with the registration and licensing of projects.

### **PURPOSE**

The main purpose of Jordan Investment Board One-Stop Shop is to facilitate the registration and licensing of investment projects within the following sectors: Industry, Agriculture, Hotels, Hospitals, Maritime transport, Railways, Leisure and Recreational Compounds, Convention and Exhibition Centers in addition to projects in Pipeline Transportation, and Distribution Services for Water, Gas and Petroleum Derivatives as well as its Exploitation, and any other investment project which has a 50,000 JD non-Jordanian share.

### **LEGAL FRAMEWORK**

The Jordan Investment Board One-Stop Shop was established upon a Cabinet Decision that was taken in May 2004 with the objective of simplifying business registration and licensing procedures. The decision came following His Majesty King Abdullah's directive call to unify measures and simplify procedures through the execution of the “investment window”.

The Council of Minister’s decision stipulated that representatives from all concerned government agencies be housed in what is to be called Jordan Investment Board One-Stop shop and a unified application form be created for licensing projects to process business licensing within a period that doesn't exceed two weeks from the date of delivering a complete application attached with all required documents.

The One-Stop Shop in the Jordan Investment Board Licenses projects stipulated in the Investment Law No. 68 for the year 2003.

### **REPRESENTATIVE ENTITIES**

Jordan Investment Board One-Stop Shop includes representatives from nine ministries and affiliated government agencies/ departments and these include:

- The Ministry of Industry and Trade
- Ministry of Interior (MOI) – (1 Person)
- Ministry of Environment (MOE) -- (1 Person)
- Ministry of Municipal and Rural Affairs (MoMA) - (1 Person)
- Greater Amman Municipality (GAM) - (1 Person)
- Ministry of Labor (MoL) - (1 Person)
- Ministry of Health (MoH) - (1 Person)
- Ministry of Tourism and Antiquities (MOTA) - (1 Person)

- Department of Land and Survey (DLS) - (1 Person)

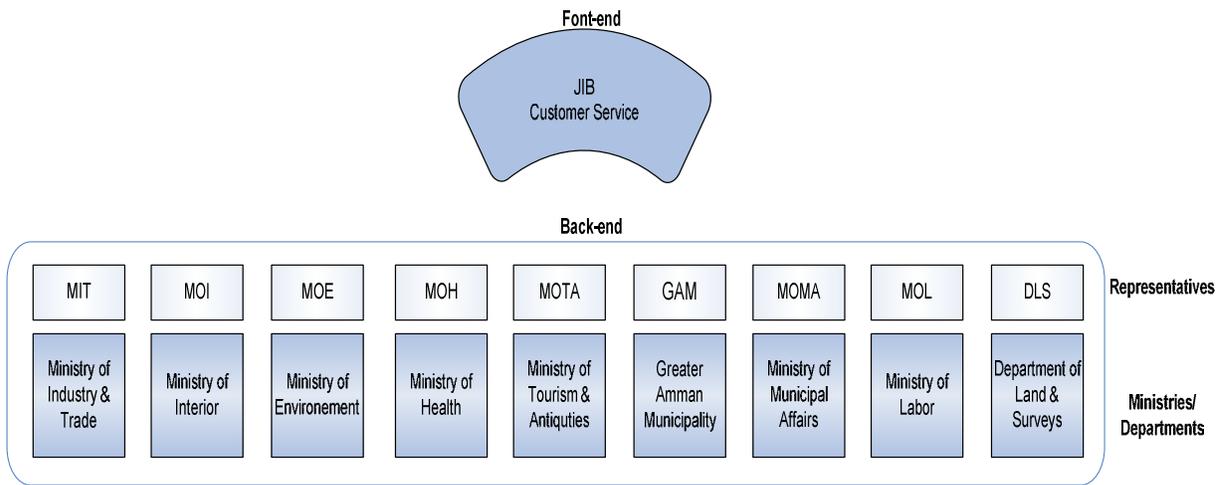
In addition to JIB staff members at the Customer Service Unit (front end) - ( 2- 3 Persons who are not fully dedicated for the services of this Unit )

## ORGANIZATIONAL SETUP

Jordan Investment Board One-Stop shop organisation set up is based on a front and back end service arrangement whereby one or two JIB staff members are dedicated to handle the customer service unit in addition to their original work at JIB, in what is referred to as “Front End”.

The Front End receives the filled comprehensive applications along with all the required documents and processes the application through the representatives of Ministries / government agencies in what is referred to as the “Back End” who can grant registration and provisional licensing in the identified sectors.

See figure 2.0



*Figure 2.0 Jordan Investment Board One-Stop Shop Organizational Structure*

## RANGE OF SERVICES PROVIDED

Jordan Investment Board One-Stop Shop provides the following services:

- Registration of projects according to The Companies Law<sup>1</sup> through a representative from the Ministry of Industry and Trade.
- Issuing preliminary licensing approvals for the start-up of projects through representatives from the Ministry of Health, Ministry of Environment, Ministry of Municipal Affairs, Ministry of Tourism and Antiquities, Greater Amman Municipality

<sup>1</sup> The Companies Law No. 22 of 1997 and its amendments

- Issuing visas and permanent residency approvals for investors and foreign labor needed for the project through a representative from the Ministry of Interior and Ministry of Labor
- Follow up services

## **TEMPLATES/ FORMS USED**

### Jordan Investment Board One-Stop Shop

- Investment Project Licensing Application
- Residency Application
- Operation Purpose Modification Form
- Jordanian Investor Card Application
- Expatriate Labor Request

*See Appendix I: MIT and JIB One Stop Shops' Comparison Matrix*

## **CONCLUDING REMARKS**

The main conclusion from the above comparative description is that the One-Stop Shops at the Ministry of Industry and Trade Jordan Investment Board are different in terms of purpose and setup however both do not function in their full fledged One-Stop Shop customer centric capacity. Below is a brief description of the conclusion remarks:

### **MINISTRY OF INDUSTRY AND TRADE ONE-STOP SHOP:**

Despite the fact that most company registration processes can be completed from a single destination at the Ministry of Industry and Trade in a time frame of around 15-45 minutes per application, some other businesses will require pre-approvals/ clearances from external entities that are not present at the Ministry of Industry and Trade One-Stop Shop. These entities include the Ministry of Interior that requires clearance as a pre-requisite to register for certain types of businesses and/or certain nationalities, in addition to those businesses that deal with media in all its forms as well as publications will also require pre-approvals from Jordan's Press and Publications Department.

The main fall back of the One-Stop Shop set up at the Ministry of Industry and Trade is that it does not have a customer service unit that helps the investor deal with one person to complete the registration and post processes. It lacks what is known as "one face to the customer" concept. This set up allows the investor to carry out the registration process through carrying his application and affiliated registration papers from one desk to the other, creating chaos at the premises, bearing in mind that the average of registration/ modification etc applications reach up to approximately 700 applications per day.

It is worth noting that there is no common electronic data or e-service that links the relevant entities together to complete the process from a single point, forcing the investor to fill similar data over and over and at each representing external entity housed within the One-Stop Shop, throughout the registration process.

Payments are also not centralized forcing the customer to pay the different fees in various cashier locations within the same premises; i.e. Chambers of Commerce and Industry in addition to the Companies Control Department.

### **JORDAN INVESTMENT BOARD ONE-STOP SHOP:**

The Jordan Investment Board One-Shop-Stop provides both investment registration and initial licensing; however this service is limited to the pre-defined sectors by the Cabinet Decision or involves players that are investing above Jordanian Dinars 50,000 (approximately US \$ 70,000).

The unclear One-Stop Shop setup and the relationship with Jordan Investment Board makes reporting lines unclear to the representatives within the One-Stop Shop who are responsible in front of their ministers despite the fact that the One-Stop Shop is headed by the Jordan Investment Board appointed Director General.

Despite the fact that investors can pay for company registering at Jordan Investment Board One-Shop-Stop, they have to pay all fees related to licensing at the relevant ministry premises, forcing the investor to deal with multiple related Ministries instead of the One-Stop Shop front end what is better known as the customer service unit.

Moreover, entities that serve post registration mandatory processes, including Chambers of Commerce and Industry as well as the Income and Sales Department, are not present at Jordan Investment Board One-Shop-Stop.

The main problem however remains that minimal authority is given to the ministry/ government agency representative at the Jordan Investment Board One-Shop-Stop rendering the issued license a preliminary stage and once again forcing the investor to obtain the final approval from the actual ministries.

### Appendix I: MIT and JIB One Stop Shops Comparison Matrix

	Ministry of Industry & Trade One-Stop Shop	Jordan Investment Board One-Stop Shop
<b>Purpose</b>	Company registration and post registration service for all companies/ all size (capital).	Company registration and initial licensing approvals and serves only nine pre-identified sectors and any investment above Jordanian Dinars 50,000 (equivalent to US\$70, 000).  Staff handles the customer service in what is referred to the front end and thereby implementing the 'one face to the customer' and processing a comprehensive application from a single point. However the representatives of Ministries / government agencies (backend) are not granted high-level decision making authorities and therefore can only process initial approvals. The representatives have to contact their respective ministries forcing the investor to revisit the original ministry in most cases to process the application and obtain the final approval.
<b>Legal mandate</b>	Established in 2002 via a decision by the Minister of Industry and Trade then to facilitate the registration procedures.	Established in 2004 via a Cabinet decision (Council of Ministers) to facilitate registration and licensing investment projects.  The One Stop Shop in the Jordan Investment Board Licenses projects stipulated in the Investment Law No. 68 for the year 2003
<b>Representative entities</b>	<ul style="list-style-type: none"> <li>- Ministry of Industry and Trade</li> <li>- Companies Control Department</li> <li>- Chamber of Commerce</li> <li>- Chamber of Industry</li> <li>- Income and Sales Taxes Department</li> <li>- Greater Amman Municipality</li> </ul>	<ul style="list-style-type: none"> <li>- The Ministry of Industry and Trade</li> <li>- Ministry of Interior</li> <li>- Ministry of Environment</li> <li>- Ministry of Municipal and Rural Affairs</li> <li>- Greater Amman Municipality</li> <li>- Ministry of Labor</li> </ul>

	<b>Ministry of Industry &amp; Trade One-Stop Shop</b>	<b>Jordan Investment Board One-Stop Shop</b>
		<ul style="list-style-type: none"> <li>- Ministry of Health</li> <li>- Ministry of Tourism and Antiquities</li> <li>- Department of Land and Survey</li> <li>- Jordan Investment Board</li> </ul>
<b>Organizational Setup</b>	<p>All the above mentioned entities are housed within the One-Stop Shop and are given authorities to complete their processes at MIT including fees payment with the exception of Greater Amman Municipality that only fulfills the renewal process of business permitting and not the issuance.</p> <p>There is no front or back end to this type of One-Stop Shop setup. They are merely entity stations housed within the Ministry of Industry and Trade premises. No work flow of document, (therefore no front and back end setup). Investors can be directed to these Stations through the representative from Companies Control Department representative or the Central Companies Registration</p>	<p>JIB staff handles the customer service in what is referred to as the front end and thereby implementing the ‘one face to the customer’, processing a comprehensive application from a single point. However the representatives of Ministries / government agencies (backend) are not granted high-level decision making authorities and therefore can only process initial/ preliminary approvals. The representatives have to contact their respective ministries forcing the investor to revisit the original ministry in most cases to process the application and obtain the final approval.</p>
<b>Range of services provided</b>	<ul style="list-style-type: none"> <li>- Registration of projects according to The Companies Law</li> <li>- Providing post registration services</li> </ul>	<ul style="list-style-type: none"> <li>- Registration of projects according to The Companies Law</li> <li>- Issuing preliminary licensing approvals for the start-up of projects</li> <li>- Issuing visas and permanent residency approvals for investors and foreign labor needed for the project</li> <li>- Follow up services</li> </ul>

	<b>Ministry of Industry &amp; Trade One-Stop Shop</b>	<b>Jordan Investment Board One-Stop Shop</b>
<b>Templates/ forms used</b>	<p><i>Ministry of Industry and Trade/ Central Companies Registration</i></p> <ul style="list-style-type: none"> <li>- Company Registration Application (Basic Information form, Company Founding Contract, Company's Memorandum of Association)</li> </ul> <p><i>Companies Control Department</i></p> <ul style="list-style-type: none"> <li>- Company Registration Application (Basic Information form, Company Founding Contract, Company's Memorandum of Association)</li> </ul> <p><i>Chamber of Commerce</i></p> <ul style="list-style-type: none"> <li>- COC Registration and Membership Application (Less than JD 30,000 in registered capital)</li> <li>- COC Registration and Membership Application (More than JD 30,000 in registered capital)</li> </ul> <p><i>Chamber of Industry</i></p> <ul style="list-style-type: none"> <li>- COI Registration and Membership application</li> <li>- COI Membership Modification Form</li> </ul> <p><i>Income and Sales Taxes Department</i></p> <ul style="list-style-type: none"> <li>- ISTD Registration Application</li> <li>- Personal Information Form</li> <li>- Authorization Form</li> </ul>	<p><i>Jordan Investment Board Trade</i></p> <ul style="list-style-type: none"> <li>- Investment Project Licensing Application</li> <li>- Residency Application</li> <li>- Operation Purpose Modification Form</li> <li>- Jordanian Investor Card Application</li> <li>- Expatriate Labor Request</li> </ul>

	<b>Ministry of Industry &amp; Trade One-Stop Shop</b>	<b>Jordan Investment Board One-Stop Shop</b>
	<i>Greater Amman Municipality</i> - Professional Licensing Renewal Form	

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