Integrated Assessment Report on the Renewal Process and the Business One-Stop Shops: Cities of Batangas, Iloilo and Cagayan de Oro

Investment Enabling Environment (INVEST) Project

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List of Acronyms

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

UF	Unified Form
USAID	United States Agency for International Development

I.
Introduction

The Investment Enabling Environment Project (INVEST) is a United States Agency for International Development (USAID)-supported two-year project that aims to assist the Philippine government to: (a) lower the transaction costs in doing business involving local level regulations and processes in business permit and licensing systems, and (b) increase the flow of private investments and the number of business start-ups in the Philippines. USAID and INVEST view the first objective as one of the key pre-conditions to the second one.

Development projects on administrative reform worldwide have employed streamlining business permits and licensing systems as one of the key methods to lower transaction costs in doing business. Streamlining traditionally requires conducting a diagnosis, designing the required reform measures, implementing the same, and evaluating the way these had been implemented.

From January 16 to 20, 2012, INVEST assessed the business permit renewal process and the Business-One Stop Shops (BOSS) of its partner cities, namely Batangas, Iloilo, and Cagayan de Oro.[1] This assessment is part of the diagnostic phase and represents the first phase of the INVEST Project's city-level engagement.

A. Objectives of the Study

The objective of this study is to describe and assess the current process of renewing business permits and the operations of BOSS in the three INVEST partner cities. The results will be used by both INVEST and the stakeholders in the three partner cities as bases for identifying and implementing further reforms in the said areas.

Business registration is "a set of regulatory requirements an entrepreneur must comply with to set-up a business entity" (DILG-DTI, JMC 1, s.2010, p. 2). Such registration must be renewed yearly, the renewal process being held generally during the first 20 days of January.

A BOSS is an "arrangement where a single common site or location is designated for all concerned agencies in the Business Permit Licensing System (BPLS) to receive and process applications for business registration through a streamlined system" (DILG-DTI, JMC 1, s.2010, p.2). It is usually set up during the business renewal period, though some local government units (LGUs) set up a year-round BOSS.

[1] The conduct of the study was supervised by Hilda V. Gonzalez, INVEST BPLS Strategist who also reviewed the renewal process and the BOSS in Batangas city. She was assisted by Oliver Mendoza, INVEST Consultant, and Jean de Pano, INVEST Technical Officer, who were responsible for the Cagayan de Oro and the Iloilo sections of the report, respectively.

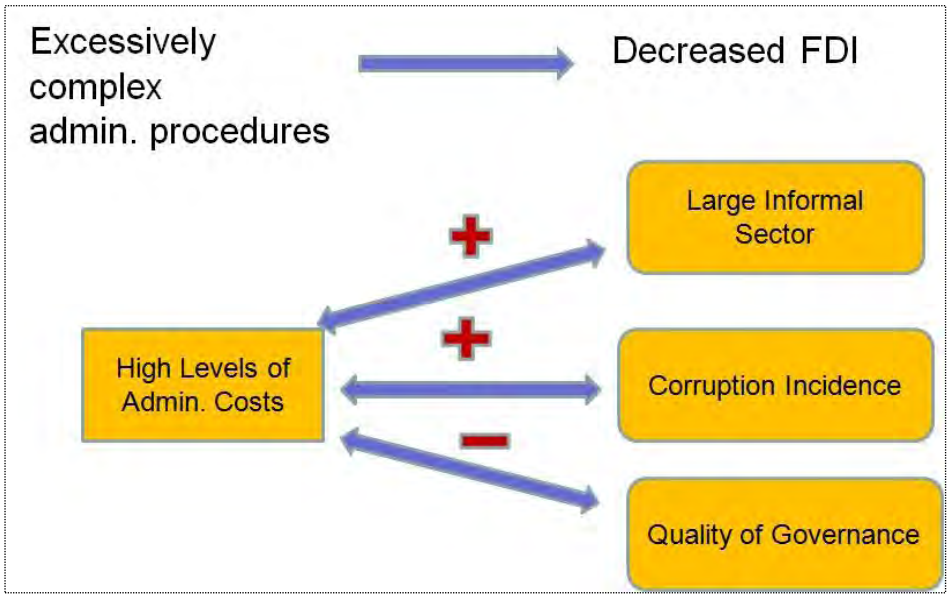
B. Scope of the Study

The study focuses on the business renewal process and the operation of the BOSS, and not the initial registration, which will be undertaken in a separate study. Related inspections processes are also excluded from this study's scope; so are the level of automation of the process and the IT capacity of city government personnel.

C. Analytical Framework

The objectives and scope of the study were guided by the theoretical and empirical literature behind administrative reforms. Studies have found that there is a negative association between the complexity of administrative procedures needed to set-up and operate a business with the inflow of foreign direct investments (FDIs) in a country (Djankov, et.al., 2002; Morisset & Luminga-Neso, 2002). The complexity of administrative procedures refers not only to the number of procedures but also to the rigidity imposed by the regulations that are the bases of the procedures. These, in turn, affect the length of time required to complete the procedures.

Figure 1. Analytical Framework



In their empirical study on administrative barriers to FDI, Morisset and Luminga-Neso found that "for every 10 percentage point decrease in the administrative costs (as perceived by foreign investors and in percentage of Gross Domestic Product), the ratio of FDI over GDP rises by about 1.2 percentage points" (2002, p. 20).

In particular, the level of administrative cost is positively correlated to the size of the informal sector and corruption incidence while being negatively correlated to the quality of governance in a country (Figure 1).

In discussing the factors that affect FDIs, Sader (2000) asserts that it is not only the policy and legal environments that investors consider and that Investment Promotion Agencies (IPAs)

should address but also the execution of how these policies are translated administratively. Sader traces the conceptual underpinnings of One-Stop Shops (OSS), and its popularity beginning in the 1980s, to address these administrative inefficiencies.

The concept behind the OSS is the centralization and coordination of various public agencies involved in investment promotion and registration into a single point of contact for the investors. Through a streamlined process within OSS, the objective was to drastically reduce the opportunity costs that investors bear in setting up and registering a business.

Sader finds that placing the concept within the context of the bureaucracy and the inherently opposing objectives of investment promotion and regulatory enforcement add up to a fairly idealistic concept. He points out that except for three countries -- Singapore, Malaysia, and Ireland -- all other OSS applications have failed.

Among the key factors that made OSS applications in these countries successful, Sader enumerates the following:

1. the existence of regulatory environments that required less licenses, approvals, permits or clearances;
2. the attraction of FDI as a deliberate and avowed strategy;
3. the authority granted to the OSS organization as manifested in direct control of most approval procedures;
4. the visible support from the highest levels of government for the OSS organization -- Singapore's Economic Development Board (EDB), Ireland's Industrial Development Authority (IDA), and the Malaysian Investment Development Authority (MIDA); and
5. a high level of coordination among different and limited number of agencies.

More current but limited research on these countries today reveals that Malaysia and Singapore have virtual or online OSSs for business licensing and that registration requirements are processed separately by another agency or facility. The online system's end-to-end process covers the whole range of processes, from filing and submission of the application form to receipt of notification of approval or disapproval.

Malaysia, which ranks 12th in the World Bank's Doing Business Index for 2012, launched an online portal service called Business Licensing Electronic Support System (BLESS) to provide information and to service companies applying for licenses and permits. However, the facility is available only to the manufacturing, construction and hotel sectors located within a geographical area. The registration process is managed by the Companies Commission of Malaysia. (http://open.bless.gov.my, Accessed April 8, 2012).

Singapore, which has been ranking first in the World Bank Index for the last five years, has its Online Business Licensing System (OBLS) which serves as a one-stop portal for the application of all government licenses that a business in any sector may need. The registration process is managed by the Accounting and Corporate Regulatory Authority (ACRA). Singapore maintains physical Citizen Connect Centres (CCC) for those who do not have computers and/or internet. (http://www.edb.gov.sg, Accessed April 8, 2012).

D. National Government Program Context

By 2000, a number of LGUs had begun streamlining their business permitting processes on their own or, in many cases, with the support of development partners. In parallel, the national government conceptualized an on-line informational portal called the Philippine Business Registry (PBR), which since evolved into a transactional portal that aims to facilitate the registration processes of businesses in the Philippines through the cooperation of all national agencies involved in business registration, including LGUs.

The direction towards standardization began with the National Capital Region Standard Business Registration and Permitting Project in 2008. In 2009, the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry (DTI) launched the Nationwide Streamlining of Business Permits and Licensing System (BPLS) Project. In 2010, the DILG and DTI issued the Joint Memorandum Circular entitled, "Guidelines in Implementing Standards in Processing BPLS in All Cities and Municipalities" (JMC 1, 2010).

II.
Methodologies

To describe and assess the current process of renewing business permits and the operations of BOSS in the three INVEST partner cities, the study employed process observation and exit interviews. It also used several standards, including those contained in DILG-DTI, JMC 1, as baselines against which the business permit renewal procedures in the cities were assessed.

A. Process Observation/Diagnosis

Data were collected through direct process observation and were measured using a time and motion study. The latter is a method of documenting and measuring the elements of a process -- its simple tasks, the sequence of movements involved in performing the tasks, and the exact time for each movement. Applicants renewing their business permits during the peak period (last week of January) for the cities of Iloilo and Cagayan de Oro and a week prior to the peak period for Batangas were observed as they undertook the process. Process sampling was employed. Specifically, applicants representing various types of businesses were interviewed and their actions documented as they went through the renewal process. All samples undertook the core process or the basic process that involves non-sector specific procedures. Process sampling does not require representativeness of a population.

Data were recorded in a diagnostic template, called a process table, that contained the process elements and its definitions (Annex A). Interviews of the sample and with city officials were also undertaken.

Data in the process table were tabulated to generate the following indicators:

1. Number of Steps
2. Number of Forms
3. Total Monetary Cost
4. Number of Signatories
5. Number of BOSS
6. Number of Offices
7. Number of Sub-steps/Tasks
8. Number of Required Documents
9. Number of Visits per Office
10. Total Length of Time Elapsed (travel time, waiting time, and processing time)
11. Number of Persons Involved per Step (average)

The purpose and outputs of a step, the types of forms used, the offices involved in a step, and its locations were also documented.

The data gathered from the three cities were analyzed using a comparative approach. The cities' process indicators and BOSS' findings were analyzed against: (1) the national standards as set in the DTI-DILG JMC 1, S.10; (2) business process streamlining principles of efficiency and effectiveness; and (3) BOSS prescriptions from the literature. Annex B contains the JMC.

B. Exit Interviews

Sentiments toward the business permit renewal processes were gathered by conducting exit interviews of applicants as they left the BOSS after undergoing the said processes. The survey specifically measured perceptions and attitudes toward the efficiency of the process, the service provided by the frontline staff, and the comfort of the surroundings or site.

Fifty (50) applicants per city were randomly selected, the respondents evenly split between males and females. The instrument contained three sections: the respondent's background, the profile of the enterprise whose business permit was being renewed, and the process section (Annex C). Responses were tabulated and encoded.

C. National Standards

The national standards that are contained in JMC 1, S.10 and against which the indicators of the business registration processes in the INVEST partner cities were measured are: (1) a maximum of 10 days to register a new business and a maximum of 5 days to renew an existing one; (2) a maximum of 5 signatories; (3) a maximum of 5 steps to register businesses; and (4) the use of a single and unified application form for new registration and renewals (Annex B). The prescribed number of days and signatories adopt the stipulations in the Anti-Red Tape Act (ARTA).

Apart from complying with these standards, the JMC enjoined LGUs to meet best practice indicators from other LGUs that have streamlined. On the number of days, the JMC advocated for 5 days or less for the processing of new business permits and one day or less for the processing of business renewals. On the number of signatories, the JMC prescribes for only two signatories.

To assist the cities meet the standards, the JMC recommends certain solutions and cited good practices. These are:

1. Prior inspections to be undertaken within the year after the issuance of the new business permit;

2. Given the holding of prior inspections, the non-repetition during the business registration process of inspections undertaken for compliance with zoning and environment ordinances, building and fire safety, health and sanitation regulations already undertaken during the construction stage;

3. The organization of joint inspection teams composed of the different offices with business permitting-related inspections;

4. The execution of a Memorandum of Agreement between a LGU and the Bureau of Fire Protection (BFP) to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to meet the standards; and

5. The use of alternate signatories.

D. Perspective of the Assessment Study

The assessment results one to be used by the cities' City INVEST Project-Technical Working Groups (CIP-TWGs) as operational feedback measures as opposed to benchmarking with other cities. Thus, the perspective of the assessment study is that applicants begin the process without complete information and without full knowledge of the requirements. The end-to–end process that is the process scope of the study begins from the first requirement that the applicant has to secure to be able to renew registration, whether it is by a city office or outside of it, like the *barangay clearance* or a national agency certification. The process ends with receipt of the business permit.

Operationally, this will give the CIP-TWG members a broad scope of process indicator results with which to analyze and streamline. It will give them feedback about their information and education campaigns and other activities prior to the renewal period.

E. Definition of Indicators

A set of standard definitions of indicators is necessary to ensure that the reform processes that would be identified and implemented as a result of this study would be relevant and responsive to the efficiency gaps in the business registration processes in the partner cities are to be addressed effectively. The following definitions were used in the study.

1. **Step** – action/s that applicants undertake as part of the process of applying for and/or processing business permits and licenses.
2. **Action** – written acknowledgement of receipt, approval or disapproval made by a government agency on the application or request submitted by the client for processing.
3. **Form** – any piece of paper (physical or virtual) that an applicant fills up to undertake the steps.
4. **Cost** – monetary cost (official fees and out-of-pocket expenses; excludes economic cost).
5. **Office** – the public authority and private establishments that the applicant transacts with.
6. **Signatories** – the persons who sign and initialize any document given to the applicant.
7. **Total Length of Time Elapsed** – the sum of travel time, waiting time, and processing time from the time an applicant undertakes the first step within the site to the time s/he receives the business permit.
8. **No. of Visits (per step)** – interface between an applicant and a public official.
9. **Required Document** – any document asked of an applicant.

III.
Findings

A. Renewal Process

The number of steps it took to complete a business permit renewal process in the three cities examined varied greatly. From obtaining the application form to claiming the business permit, an applicant undertook 17 steps in Batangas, 13 steps in Iloilo, and 8 in Cagayan de Oro. These steps entailed visits to 10 offices in Batangas, 7 in Iloilo, and 4 in Cagayan de Oro. The applicants sampled visited the offices once on average, except for Batangas where they needed to return in 5 of the steps (Figures 2 to 4).

Figure 2. Batangas City Business Permit Renewal Proces

Figure 3. Iloilo City Business Permit Renewal Process

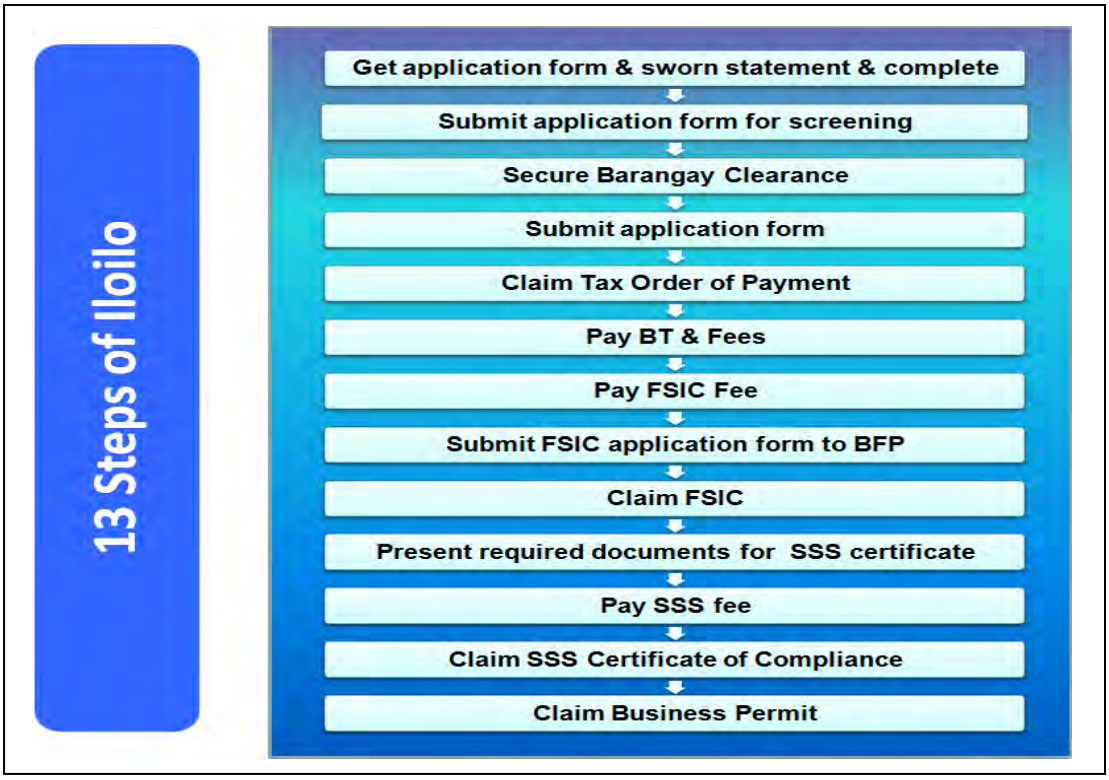
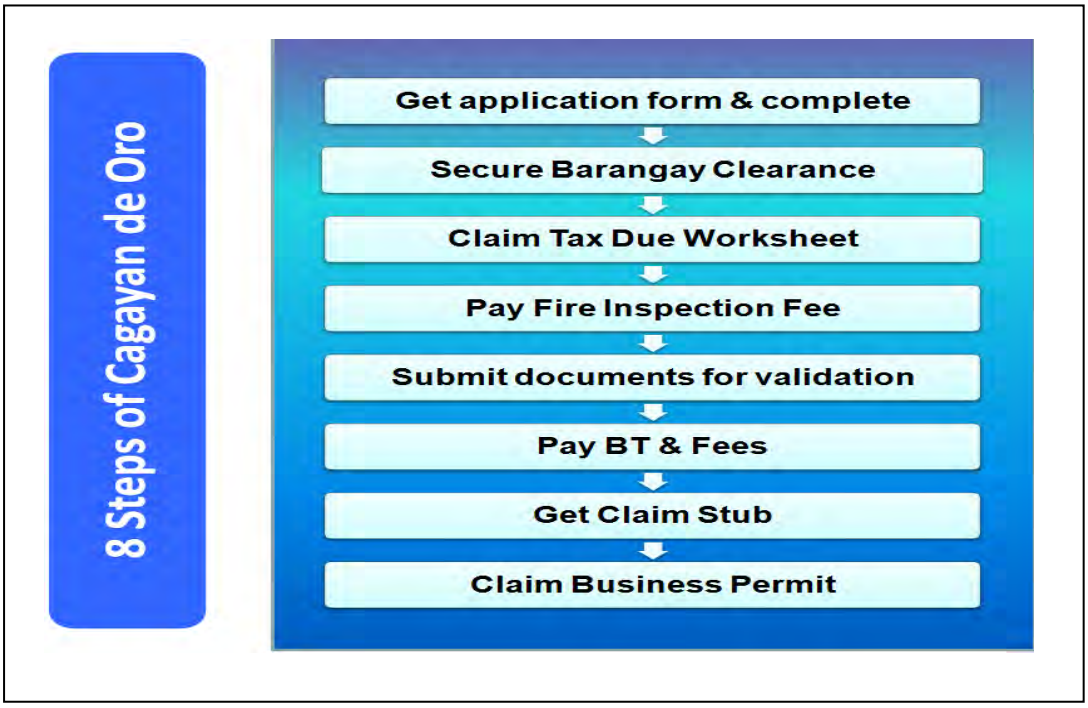


Figure 4. Cagayan de Oro City Business Permit Renewal Process



Only Iloilo had its application form available online. While applicants could download it from the City's official website, they could not submit it online. Batangas' and CDO's application forms were available in the BOSS.

Batangas and Iloilo required an applicant to present 9 and 6 documents, respectively, as requirements to renew the business permit. In Cagayan de Oro, a client needed only to present one. Aside from this, applicants also needed to accomplish application forms (3 in Batangas, 4 in Iloilo, and 2 in Cagayan de Oro) and get the signatures of approving officers prior to the release of their business permits. Applicants from Iloilo and Cagayan de Oro needed to obtain 13 signatures while Batangas required 14.

Applicants spent 1 day, 5 hours and 30 minutes to complete the process of business renewal in Batangas. It took more time in Cagayan de Oro (2 days, 1 hour and 50 minutes) and Iloilo (3 days and 4 hours).

Businesses sampled for this study expended an amount that ranges between PhP 2,785 to PhP 4,826 to process for their permits in Cagayan de Oro. In Batangas and Iloilo, applicants sampled spent significantly more at PhP12,240 and PhP10,960, respectively.

Table 1. Summary of Findings per Process Indicator

Indicator	Batangas	Iloilo	Cagayan de Oro (City Hall)
Number of Steps (JMC definition)	17	13	8
No. of Frontline Staff Involved per Step (Ave.)	2	1	1
Number of Required Documents	9	6	1
Number of Forms	3	4	2
No. of Signatories	14	13	13
No. of Offices / Establishments Visited	10	7	4
Total Length of Time Elapsed	1 day, 5 hours and 30 minutes	3 days and 4 hours	2 days, 1 hour and 50 minutes
No. of Visits per Office	1.5 ave.	1	1
Number of BOSS	1	1	2
Total Monetary Cost (all samples)	P 10,960	P 12,240	P 2,785-4,826

Table 1.1 breaks down the time indicator and lists the activity (generation of the business permit) and the variable (number of signatories) that affected the indicators' total length of time elapsed. Using the time indicator 11 - 11 defined as the total time spent by the applicant within the City Hall premises (as opposed to total time elapsed), it also shows the offices that accounted for the most time.

Table 1.1 Time Indicator Breakdown

Indicators	Batangas	Iloilo	Cagayan de Oro City Hall
Total Length of Time Elapsed	1 day, 5hr 30 mins	3 days & 4 days	2 days, 1 hr 50 mins
Generation of Business Permit	1 day or more		
Number of Signatories	14	13	13
Time Indicator *(JMC: Sum of travel time, waiting time & processing time)*	BFP: 1hr 45 min CHO: 1hr 3 min Assessor's & CTO: 47 mins	BFP: 49 min CTO: 25 min	CTO: 29 min BPLD (claim): 24 min

The variation in waiting time at different points in a day followed the same pattern across the cities. Waiting time (in queue) was shortest at the start of the service in the morning, and longest in mid-afternoon.

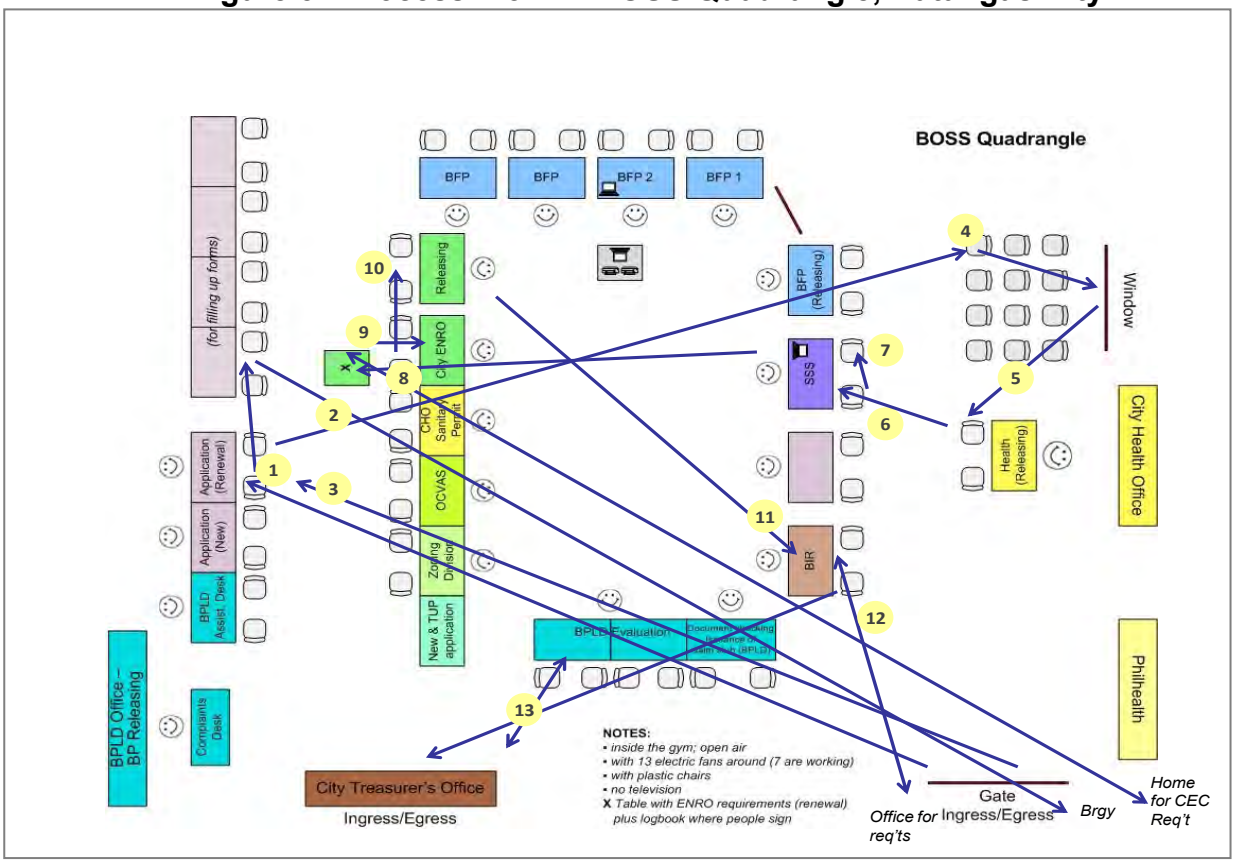
B. Process Flows

Apart from the results of the time and motion study, the process flows or the movement of applicants within the BOSS demonstrates an applicant's perspective and the behaviour that the process causes. The documentation of the process flows also captures the movements by an applicant did that were not considered as steps, due to the definitions used. In particular, these movements involved interfaces with private parties required by the process. A count of these movements and interfaces with public and private parties would result in higher numbers than those defined as "steps".

1. Batangas City

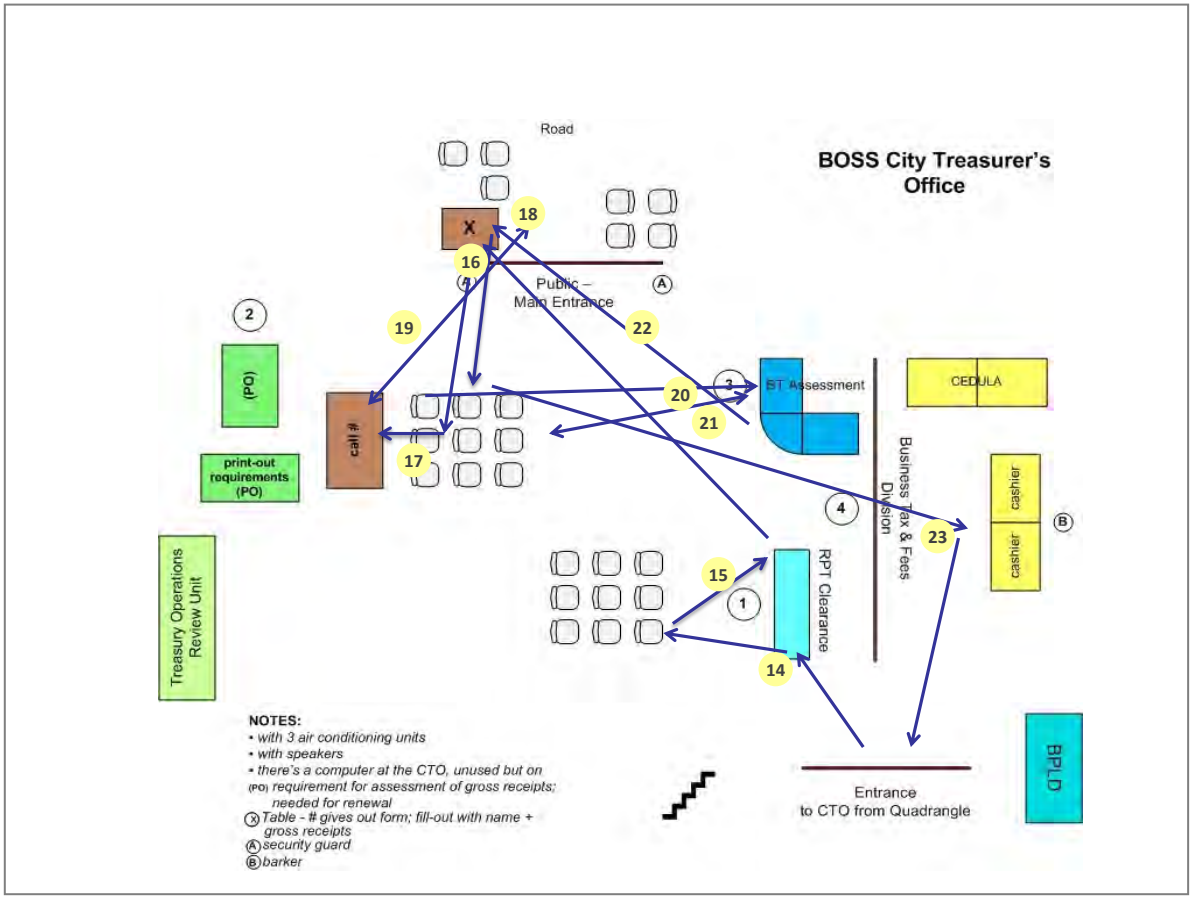
Figures 5 to 7 describe the process flow that the sample applicant went through in securing the business renewal certificate in Batangas city. Figure 5 traces the movements in the BOSS quadrangle at the initial stage of the process. Figure 6 illustrates the steps in the city treasurer's office while Figure 7 shows after payment of required city fees.

Figure 5. Process Flow in BOSS Quadrangle, Batangas City



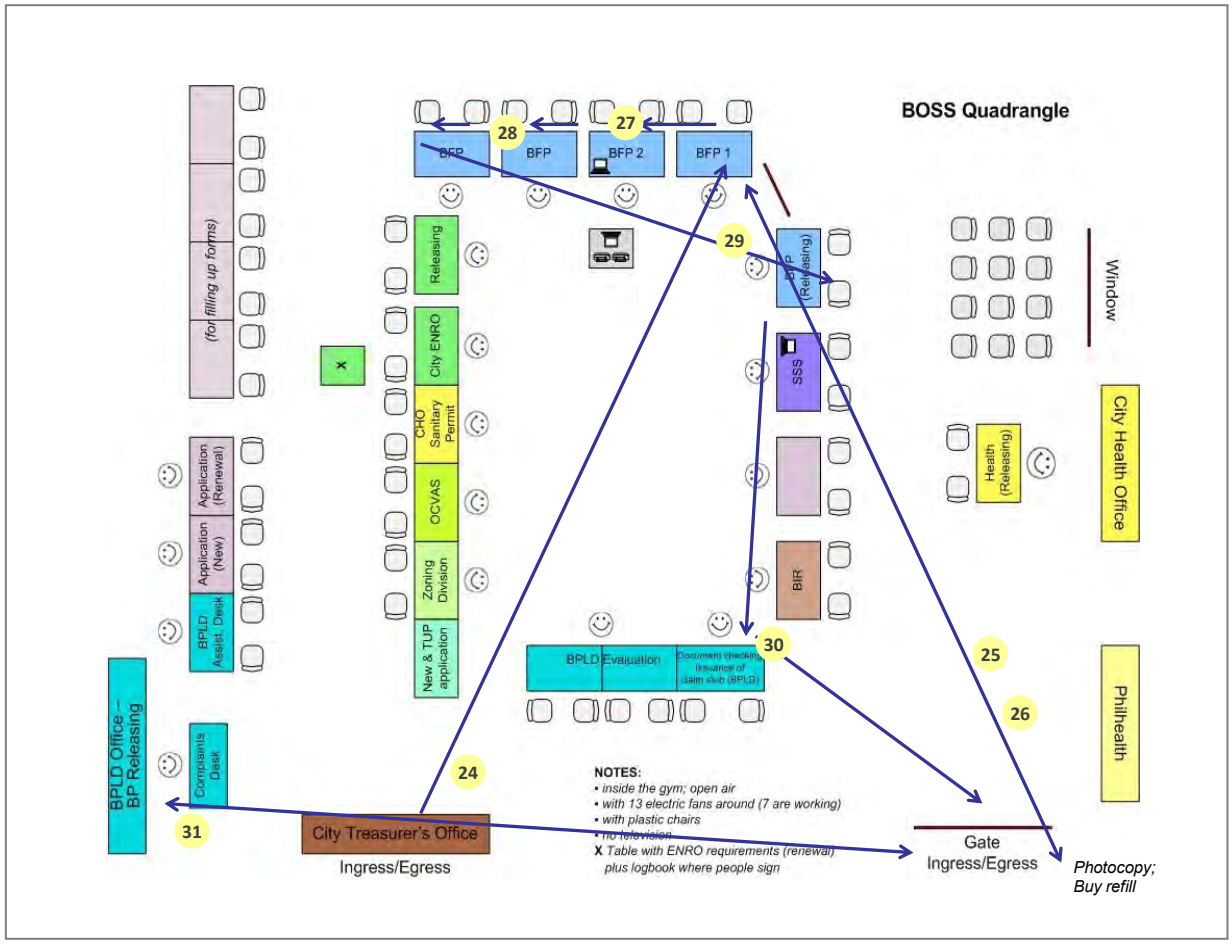
Process Flow from an Applicant's Perspective	
1 - Entered the BOSS, inquired & asked for an application form (AF) from the BPLD Desk for Renewals & filled-out the AF	**2** - Exited the BOSS to secure a *barangay* clearance from the *barangay* where the business is located. As the *barangay* clearance could be secured in the City Hall, the applicant initially tried to but was discouraged by the long lines.
3 - Returned to the BOSS with the *barangay* clearance and submitted it with the AF	**4** – Waited in queue to submit the AF to the City Health Office window for the processing of the Sanitary Permit to Operate & submitted the AF
5 - Waited in queue to claim the permit	**6** – Submitted the AF & showed required documents at the SSS desk
7 - Claimed the certificate of compliance	**8** – Wrote on Environment and Natural Resources Office (ENRO) logbook, went home to get previous year's CEC, returned, got a no. & waited in queue
9 - Submitted requirements & answered questions	**10** - Claimed the ENRO certificate
11 – Proceeded to the BIR desk but official was not yet there	**12** – Got requirements from the office; returned to the BOSS to submit AF & requirements, secured BIR clearance
13 - Exited the Quad to proceed to the CTO but told to have AF validated at the BPLD desk	

Figure 6. Process Flow in BOSS CTO, Batangas City



Process Flow from an Applicant's Perspective	
14 - Submitted BPLD AF & requirements for Real Property Tax Clearance, waited in queue	**15 -** Claimed signed BPLD AF
16 - Got number from table outside to secure assessment, waited in queue	**17 -** Submitted AF & requirements for TORU
18 - Exited the BOSS to photocopy MP „11	**19 -** Returned & claimed AF with initials by TORU
20 - Submitted BPLD AF for BT assessment, waited in queue	**21 -** Claimed BPLD AF with initials by assessment
22 - Got number outside for BT payment, waited in queue	**23 -** Paid BT and fees & exited to the Quadrangle

Figure 7. Process Flow in BOSS Quadrangle, Batangas City

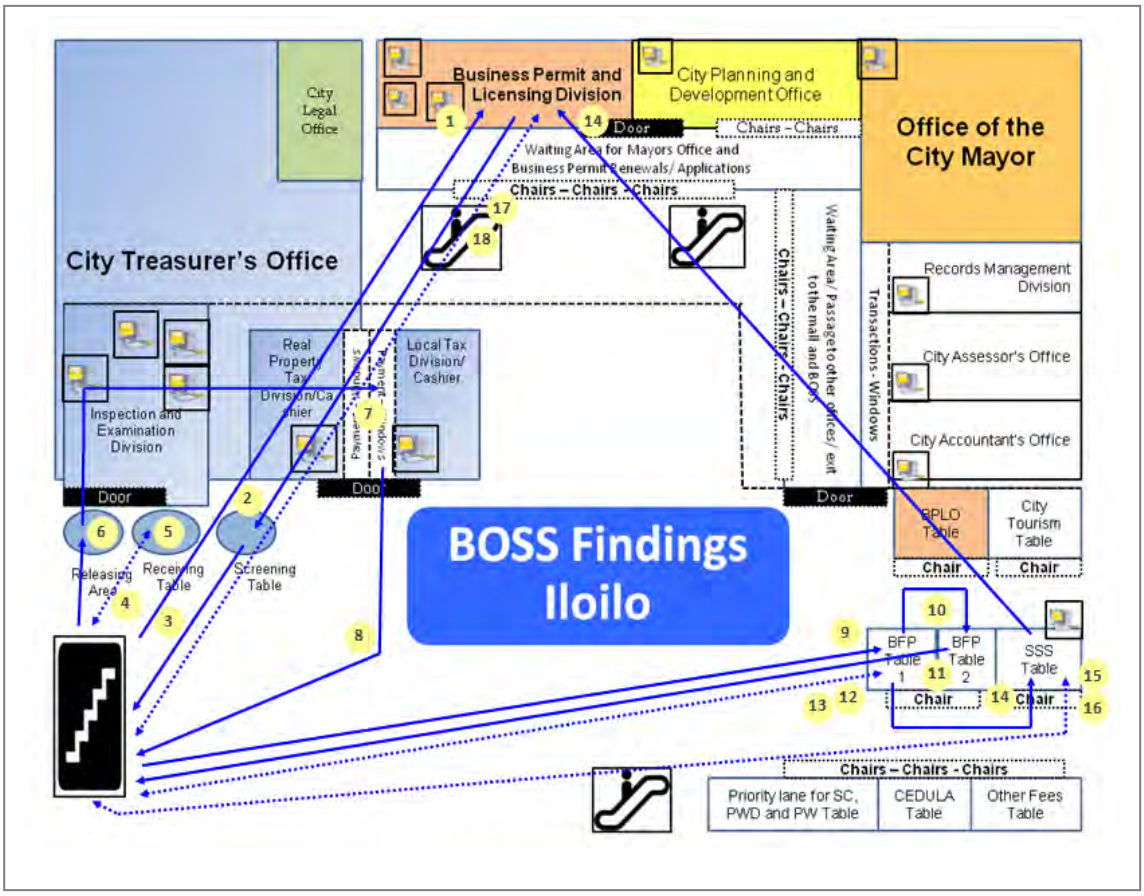


Process Flow from an Applicant's Perspective	
24 – Got BFP AF & list of req'ts	**25 –** Exited to photocopy the 2011 Mayor's Permit.
26 - Bought a fire extinguisher refill from a private provider	**27 –** Returned to the BOSS & submitted requirements
28 – Got claim stub	**29 -** Claimed the FSIC and signed the logbook
30 -- Submitted the completed AF, got claim stub, & exited the BOSS	**31 –** Returned after 1 day & claimed BP

2. Iloilo City

Figure 8 illustrates the process flow in Iloilo City. It is worth noting that the BPLD in Iloilo City is temporarily housed at the Robinson's Mall. It will be transferred to the new city hall once the latter is available. The process observed in the study pertained to the BOSS set up in the mall.

Figure 8. Process Flow in BOSS, Iloilo City

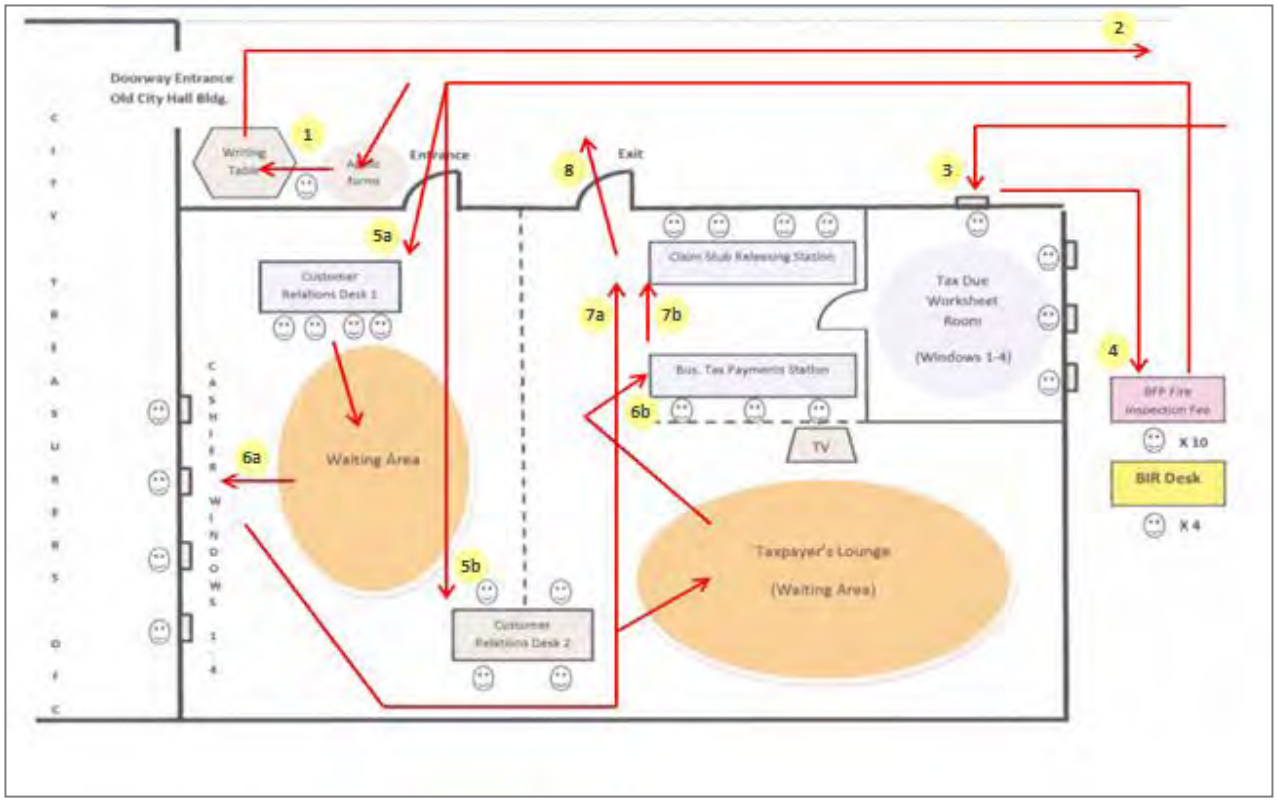


Process Flow from an Applicant's Perspective	
1 -- Entered the BOSS and got an AF and the sworn statement	**2 --** Submitted the completed AF for screening
3 -- Exited the BOSS to secure the *barangay* clearance	**4 --** Photocopied the Community Tax Certificate (CTC)
5 -- Returned to the BOSS and submitted the requirements to the receiving desk for the processing of TOP, exited the BOSS	**6 --** Returned after 2 days (ave.) to claim the TOP
7 -- Paid BT and fees	**8 --** Exited the BOSS to photocopy the BT OR
9 -- Returned to the BOSS and secured and completed the FSIC AF	**10 --** Paid the FSIC fee
11 -- Exited the BOSS to photocopy the BFP OR	**12 --** Returned to the BOSS and submitted FSIC AF
13 -- Claimed the FSIC at the BFP Office	**14 --** Returned to the BOSS to secure SSS Certificate of Compliance
15 -- Exited the BOSS 3 floor to pay the fee at the ground floor	**16 --** Returned to the BOSS and claimed the certificate
17 -- Submitted AF & requirements to BPLO and exited the BOSS	**18 --** Returned to the BOSS after 1 day and claimed the BP

3. Cagayan De Oro City

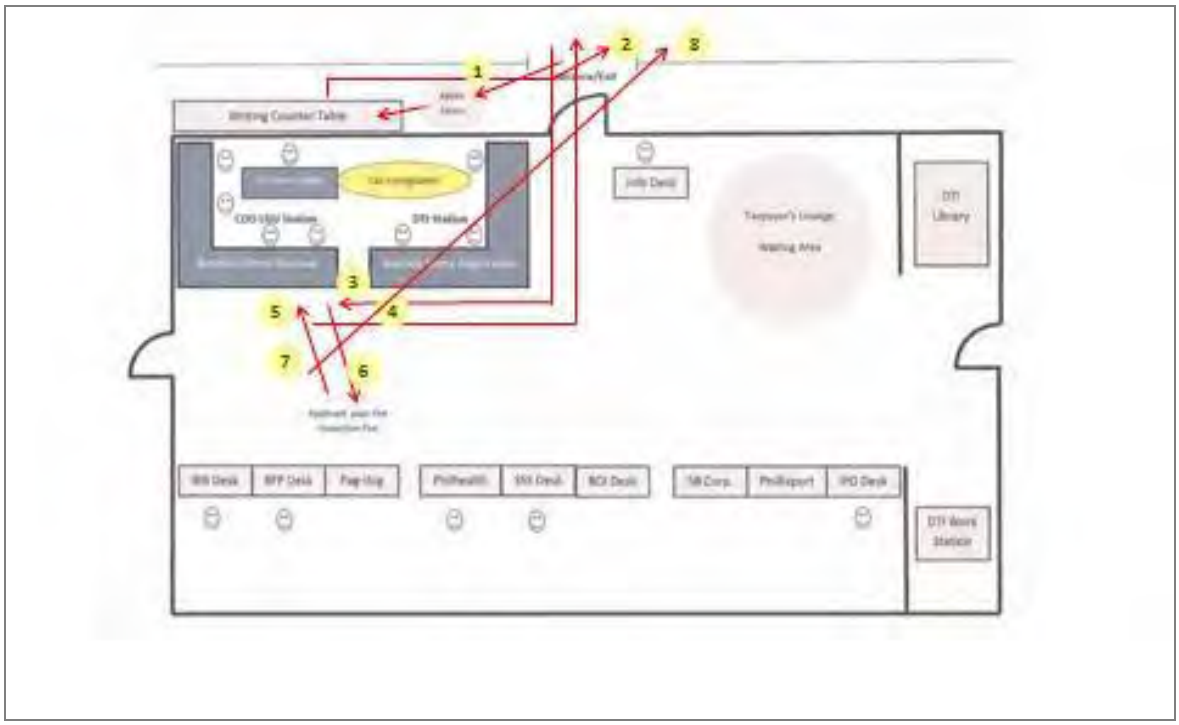
Cagayan de Oro has two BOSS, one in the City Hall and the other in the DTI-National Economic Research and Business Assistance Center (NERBAC). Figure 9 shows the process flow in the city hall while Figure 10 shows those steps in the NERBAC.

Figure 9. Process Flow in BOSS City Hall, CDO



Process Flow from an Applicant's Perspective (Applicable to process in Figures 9 and 10)	
1 -- Obtained and completed the AF	**2 --** Exited the BOSS and secured *barangay* clearance from the LGU where the business is located
3 -- Returned to the BOSS and claimed the Tax Due Worksheet	**4 --** Paid the Fire Inspection Fee
5 -- Had documents validated at one of two Customer Relations Desks	**6 --** Paid the BT and fees at the designated payment stations
7 -- Got the claim stubs for the BP and business license plate and exited the BOSS	**8 --** Returned to the BOSS and claimed the business permit

Figure 10. Process Flow in BOSS DTI-NERBAC, CDO



C. Business One-Stop Shops

The cities of Batangas and Iloilo have each set up a one-stop shop to cater to their business sector during the renewal process only. Cagayan de Oro has a BOSS at the City Hall that provides services year-round and has its own physical structure. Another BOSS for CDO is located at the DTI- NERBAC.

1. Batangas City

Batangas City's BOSS is a 1,200 sq. m. quadrangle located within the premises of the City Hall (Figure 5). Surrounding the enclosed area are offices of the various departments of the local government, including the City Health Office (CHO). Applicants need to exit the BOSS quadrangle to visit the CTO and pay taxes and fees. The 35 sq. m. CTO lobby functions as the waiting area together with the outside main entrance to City Hall which is by the road (Figure 6).

The national government agencies (NGAs) needed for the processing of business renewals such as the BFP, SSS and Philhealth, were present and visible. As seen in the process flow in Figure 7, the staff complement of the BFP was quite sufficient to process the renewal applicants, which took about 23 minutes for the sample applicants trailed during the period. However, an applicant had to go out of the BOSS to fill up the fire extinguisher. Based on Table 1.1, the average processing time for the BFP which includes payment of the fire code fees and the issuance of the FSIC is 1 hour and 45 minutes. The processing time for SSS is quite short (about 1 minute) but there may be

instances when this would take longer depending on the delinquency status of an applicant.

Also located in the BOSS were agencies that provide the prerequisite requirements for new business registrations like the Bureau of Internal Revenue (BIR) and the DTI for the registration of sole proprietorships. In a survey of clients conducted by the Business Permits and Licensing Department (BPLD), it was observed that a DTI representative only goes to the BOSS every morning and returns to the DTI office in Lipa City to process papers. The BIR was observed to process applications fairly quickly, like SSS, taking only a minute to finish.

The other city offices needed for the processing of new business registrations were otherwise present, like the City Planning and Development Office (CPDO) (for the zoning permit) and the Office for City Veterinary and Animal Services (OCVAS). Queue numbers were manually written on cardboard paper. Services stopped during lunch & snack breaks, as announced beforehand.

The BOSS is spacious enough to accommodate large crowds, although this observation was made a week before the peak period. The area is not air-conditioned and only eight of the seventeen fans installed were working. The quadrangle was naturally airy in the mornings but warm by noon to mid-afternoon.

There were streamers showing the process flows. Tables were numbered and the names of offices were visible. Frontline personnel were observed to be friendly and polite. The „barker' or CTO staff giving announcements was observed to be consistently polite to applicants. There were regular announcements that city personnel were not authorized to undertake the process in behalf of registrants. The BOSS provided for a table where the public can lodge complaints or give feedback to. This was manned by one staff member and the table was clearly identified as a complaints desk. Only less than 10 complaints or feedback were listed in the logbook during the period observed.

Only registered bookkeepers can undertake the process in behalf of a number of registrants. They do not have special lanes or schedules. Instead, offices cap the number of applications per bookkeeper to 3-4. Senior citizens were given preferential treatment, including being prioritized over others in the queue line.

2. Iloilo City

Iloilo City's BOSS was inside the Robinsons' Mall, together with the city offices that have been located there since 2006 to give way to the renovation of the City Hall. It was on the same floor as the city offices but in a different area where some tables were set-up. The loud sounds from the mall's activity area were audible in the BOSS. It was air-conditioned.

The SSS and the BFP, among the NGAs, had tables within the BOSS, although there were periods when the SSS tables were unmanned. Based on the process flow, it took about 5 steps to settle an applicant's requirements with the BFP, which took about 49 minutes (Table 1.1) although for some applicants it could take as fast as 13 minutes. It could take as much as 10 minutes for SSS to process applications.

City services continued during lunch, with alternates replacing the assigned staff member. City officials were observed to be helpful and accommodating and police personnel assisted applicants. The city provided feedback or suggestion boxes in conspicuous areas. The BOSS had priority lanes for senior citizens, persons with disability, and pregnant women.

3. Cagayan de Oro City

CDO's City Hall BOSS was air-conditioned and had a waiting lounge where applicants can watch television. It was well-manned with some 36 LGU personnel assigned to the various "customer relations" and other desks. Services continued during lunch. The BIR and the BFP had desks outside the BOSS. Since the city government does not require prior SSS clearance for business renewals, there was no desk for SSS neither at the city hall premises nor at the BOSS. NGA offices like SSS and Philhealth had manned desks in the NERBAC BOSS only.

There were streamers showing the process flows. The NERBAC BOSS distributed information kits on the process and the various application forms of NGAs. While the City Hall BOSS can comfortably accommodate the people who came in the early part of the week, the space got very crowded in the last two days of registration.

Processing time or the time an applicant spends transacting with the frontline staff by the only NGA in the BOSS, the BFP, during the period observed and as part of the renewal process was about 3 mins. and 38 secs.

D. Customer Satisfaction Survey Findings

1. Profile of Respondents and their Business

Across the three cities, the majority of the respondents consisted of owners of the businesses being registered. In Cagayan de Oro, however, nearly half of the persons going through the process were employees of the firms whose registrations were being renewed. The majority of the businesses were owned by Filipinos and run by a single entity (sole proprietorship). In Batangas and Iloilo, more than 80% consisted of micro-enterprises. In Cagayan de Oro, 47% and 26% were micro and small scale enterprises, respectively.

Approximately half of the respondents from Batangas and Cagayan de Oro had been running their business for one to five years. In Iloilo, 38% of the respondents had been in business for the same span of time.

2. Perceptions of the Process

The overwhelming majority of respondents from Batangas and Iloilo (98% and 92%, respectively) said that it takes more than a day to claim the business permit from their LGUs (Table 2). In contrast, 43% of the respondents from Cagayan de Oro said it takes less than one hour.

Table 2. Results of the Perception Survey on Time Spent in Renewing Business Permits

Time Spent	Batangas	Iloilo	Cagayan de Oro
Less than 1 hour	0%	0%	43%
More than 1 hour	2%	8%	34%
More than 1 day	98%	92%	23%

All of the respondents in the three cities said they got the necessary information for the renewal of their business permits. In Cagayan de Oro, 75% of respondents found the instructions to have been very clear. In Iloilo, 72% of the respondents found the instructions to have been clear. There was an even distribution of responses from Batangas, with 34% finding the instructions to have been very clear.

Fifty one percent (51%) of applicants in Cagayan de Oro said that they are very satisfied with the service provided (Table 3). In Batangas, 54% of the respondents said they were satisfied while 30% were very satisfied. The majority of Iloilo respondents said that they were satisfied and not one reported dissatisfaction with the service.

Table 3. Results of the Perception Survey on the Applicants' Satisfaction with LGU Services

Level of Satisfaction	Batangas	Iloilo	Cagayan de Oro
Very Satisfied	30%	26%	51%
Satisfied	54%	62%	47%
Neutral	14%	12%	2%
Dissatisfied	2%	0%	0%
Very Dissatisfied	0%	0%	0%

In terms of comfort, 78% of Iloilo respondents said they were comfortable enough while waiting for the processing of their business permits (Table 4). Meanwhile, 70% from Cagayan de Oro said they were very comfortable. Iloilo respondents credit the well ventilated/air-conditioned area, fast service, access to food establishments, and friendly environment as reasons for their being comfortable.

In Batangas, respondents were evenly divided at 34% between those that said they were comfortable and those that said they were very comfortable. The systematic processing and accommodating nature of the staff were the reasons cited for their feeling so. However, there were respondents who complained about the long queues and the non-conducive venue.

Table 4. Results of the Perception Survey on the Applicants' Comfort While Waiting for Business Permit Processing

Level of Satisfaction	Batangas	Iloilo	Cagayan de Oro
Very Comfortable	34%	12%	70%
Satisfied	34%	78%	21%
Neutral	18%	4%	7%
Dissatisfied	14%	2%	2%
Very Dissatisfied	0%	4%	0%

According to the majority of the respondents, the staff members processing the application in all three cities were friendly and helpful (Table 5). Particularly, among Cagayan de Oro respondents, 70% replied that the personnel were very friendly and 77% said that these were very helpful.

Table 5. Results of the Perception Survey on LGU Staff's Friendliness and Helpfulness

Batangas	Iloilo	Cagayan de Oro
Very Friendly - 46%	Very Friendly - 28%	**Very Friendly - 70%**
A Little Friendly - 32%	**Friendly - 66%**	Friendly - 28%
Very Helpful - 44%	Very Helpful - 18%	**Very Helpful - 77%**
A Little Helpful - 32%	**Helpful - 76%**	Helpful - 19%

The majority of the respondents in all three cities said that the fees they paid to secure the business permit were reasonable and that they were looking forward to going through the process again next year (Tables 6 & 7).

Table 6. Results of the Perception Survey on the Reasonableness of Fees Imposed by the LGU for the Renewal of Business Permits

Do You Think That the Fees Paid to Secure the Business Permit are Reasonable?			
Response	**Batangas**	**Iloilo**	**Cagayan de Oro**
Yes	84%	76%	66%
No	16%	24%	34%

Table 7. Results of the Perception Survey on the Applicants' Expectation for the Following Year's Business Permits Renewal Process

How Do You Feel About Going Through This Process Again Next Year?			
Response	**Batangas**	**Iloilo**	**Cagayan de Oro**
Looking forward to it	94%	96%	96%
Not looking forward to it	2%	0%	4%
Indifferent	4%	4%	0%

3. Responses by Gender

There was not much variance in the gender of the respondents across the three cities. The deliberate sampling of more or less even number of males and females influenced the results. Of the 153 surveyed, 75 are males (49%) and 78 are females (51%) (Table 8).

Among those who answered that the application instructions provided by the LGU were very clear, 45% was male and 55% was female. Similarly, among those who answered that the staff members were very friendly and very helpful, the discrepancy between the gender count was only around 10%. For the last two questions of the survey (on the reasonableness of the fees and the expectation for next year), the same number of male and females responded that the fees were reasonable and that they were looking forward to going through the process next year.

Table 8. Male-Female Ratio on Dominant Responses in the Survey

Dimensions	Male	Female
Very clear instructions	45%	55%
Satisfied with Service of LGU	64%	36%
Comfortable during the application process	60%	40%
Very friendly staff	45%	55%
Very helpful staff	44%	56%
Fees are reasonable	50%	50%
Looking forward to next year's BP renewal	50%	50%

Some suggestions in improving the process of renewing business permits were raised by the interviewees (Table 9).

Table 9. Suggestions On How to Improve BP Renewal Process

BATANGAS
1. Improve processing by the Bureau of Fire Protection (BFP) Comments: *"maraming pasikot-sikot"* *"provide clearer instructions"* *"I have to queue 4 times"* *"no lunch break or staggered break if necessary"* *"explain need for more than 1 type of fee"*
2. Provide a list of requirements for application and renewal in advance
3. Review required fees for each type of business to ensure equity and reduce burden to client
4. Implement same day release of business permit/sticker
5. Schedule registration according to business type to control volume and to have better order
6. Improve the venue for BOSS (air-conditioned)
7. Provide photocopying service within BOSS area
8. Eliminate manual processing (i.e., automate)
9. Improve the system in the Health and Sanitation Department (provide additional staff to process and release results faster)
ILOILO
1. Implement 1-day processing
2. Provide photocopying service
3. Centralize the processing area
4. *"Looking forward for the transfer to the new city hall"*
CAGAYAN DE ORO
1. Provide printers on-site to produce the permits on the same day
2. Explain the computation of fees clearly
3. Decrease the processing fee
4. Decrease number of signatories
5. Improve the assessment area (less crowdy)
6. Provide clear directions or signage for proper movement of clients

4. Additional Customer Feedback in Iloilo

Apart from the results of the exit interviews, applicants whose experiences were measured through the time and motion study expressed the following:

- The garbage fee was "high." Five out of the seven applicants believed that garbage collection was the city's responsibility and the „additional fee' should not be shouldered by business owners.

- Some of the applicants whose businesses were micro in size complained about the annual increase in their tax payment. They said that the city's tax mapping should be reviewed as they found it oppressive.

- Six out of seven applicants tailed and interviewed appreciated the „improved' process of business renewal application. They found prioritizing payments first, before securing documents from NGAs, innovative and that this helped expedite the renewal process. They noted that applicants were also provided options on how to comply with the FSIC requirements.

Part IV.
Analysis

The results of study were assessed against three broad standards, namely, (1) the national standards, (2) business process streamlining principles, and (3) BOSS prescriptions from literature.

A. Comparison with JMC standards

How do the cities compare against the national standards? To enable this comparison with the national standards, the indicators must be analyzed according to the JMC's perspective and assumptions. This perspective is based on what the LGU has control over. Specifically, that the LGU's responsibility begins when applicants submit a completed application form with all pre-requirements already complied with. Thus, the required five steps of the JMC for the renewal process are the actions of the city only (excludes *barangays*) and none of those of NGAs. They assume backroom processing of the BFP's „steps'. This perspective revises the count downwards for many of the indicators.

Table 10 shows the five steps of the JMC and the corresponding steps in the business registration processes of the cities.

For the JMC Step No. 1 of „securing the application form' (AF), the three cities also had one step each.

For the second „standard' step of „filing the application for renewal,' Batangas actually required 5 steps: 1 - the submission of the AF for checking; 2 – securing the Sanitary Permit at the CHO; 3 and 4 – securing the City Environmental Certificate at ENRO; and 5 – having BPLD validate the form and the attached requirements. Iloilo required 2 steps: 1 – submission of the AF for screening, and 2 – submission of the AF to secure the Tax Due Worksheet. CDO's equivalent step occurred later in the process.

For the third „standard' step of „submitting the documents for one-time assessment,' Batangas required 3 steps at the CTO: 1 – securing of the RPT clearance; 2 – securing of the assessment of the previous years' income; and 3 – securing of the assessment of business tax and fees. Iloilo and CDO required one step each.

For the fourth „standard' step of „one-time payment,' Batangas required 3 steps: 1 -- payment of the business tax and fees; 2 – submission of the BFP requirements and getting of the claim stub; and 3 – securing of the FSIC. Iloilo required 4 steps: 1 -- payment of the business tax and fees; 2 – payment of the FIF at the BFP; 3 – submission of the form and requirements; and 4 – claiming of the FSIC. CDO required 4 steps: 1-- payment for the FSIC; 2 – submission of the form and requirements for validation; 3 -- payment of the business tax and fees; and 4 – securing of the claim stub.

For the fifth „standard' step of „claiming the business permit,' Batangas required 2 steps: 1 – submission of the form for validation and 2 – claiming of the permit. Iloilo and CDO required one step each.

Thus, all three cities exceeded the 5-steps standard, with Batangas having 14 steps, Iloilo having 9, and CDO having 7.

Table 10. Comparison of the 3 Cities' Process Indicators with the JMC Standard (Steps)

Standard Steps	Batangas	Iloilo	Cagayan de Oro
1 – Secure AF	Secure AF	Secure AF (+ Accessible online)	Secure AF
2 – File Application for Renewal	Submit CHO – 1 ENRO – 2 BPLD – 1	Submit – 2 Steps	(Equivalent to Later Step)
3 – Submit Documents for One-Time Assessment	CTO – 3	Claim Tax Due Worksheet	Secure Copy of Tax Due Assessment Worksheet (available early Jan)
4 – One-Time Payment	CTO – 1 BFP - 2	Pay BT BFP: Pay; Submit; Claim – 3 Steps	Pay BFP FSIC Submit documents for validation Pay BT – 2 Steps
5 – Claim Business Permit	BPLD – Validate UF Claim	Claim	Claim
TOTAL	**14**	**9**	**7**

As mentioned in the preceding section on methodologies, the JMC also required the use of the Unified Form and set standards for the number of signatories and the length of time for the completion of whole process. To enable comparison between the baseline of process indicators and the standards on the latter variables, this analysis used the JMC's definition of signatories and processing time.

Signatories refer to the "final approving authority or authorities whose signatures are affixed to a business permit or mayor's permit to make the document legal and binding in the eyes of the law" (DILG-DTI, JMC 1, s.2010, p. 2). Processing Time refers to the "time spent by an applicant from filing to receipt of the business permit by the LGU consisting of transaction time, waiting time and travel time within the site provided by an LGU for business registration" (DILG-DTI, JMC 1, s.2010, p. 3).

Using these definitions revises the count downwards on these indicators when compared with the broader definitions used to arrive at the baseline of process indicators.

Table 11 shows the three standards in the JMC beyond the number of steps and how the cities fared against these. All three cities adopted the Unified Form, with its requisite fields that will enable linking to the Philippine Business Registry. Only the second page differs as the cities produced a computer-generated assessment worksheet. CDO placed on the second page the results of its Joint Inspection Teams, which may be useful for the city and convenient for the registrant as s/he sees in one document the results of the application.

As to the signatories, the JMC sets a standard of 5 following the ARTA but enjoins the LGUs to require only 2. Batangas and Iloilo have 2 signatories affixed to the permit while CDO has only one. As to the processing time, all three cities were compliant with the standard of not more than 5 days.

Table 11. Comparison of the 3 Cities Process' Indicators With The JMC Standards (Form, Signatories, Processing Time)

Standard Steps	Batangas	Iloilo	Cagayan de Oro
Unified Form	Same page 1; No taxes & fees breakdown (p.2) TOP separately generated	The same	Fields from p. 1 largely the same; No Taxes & fees breakdown (p.2) TOP separately generated. JIT Reports on p.2
5 Signatories Best practice: Only 2	2	2	1
Processing time Not more than 5 days; Best practice: Not more than 1 day	In compliance	In compliance	In compliance

B. Comparison with Principles of an Efficient Business Process

What are the characteristics of the three cities' processes that reduce or promote efficiency in the use of the applicant's time for undergoing the process?

Table 12 shows four characteristics of the business permitting process that either reduce or promote efficiency. Conducting inspections prior to the renewal process reduces the time indicator, whether it is defined as the total time spent within the BOSS premises or as time elapsed. It should eliminate steps during the renewal period of offices that conduct inspections. All three cities conduct prior inspections.

The use of backroom processing eliminates interfaces between the applicant and public officials, thus reducing opportunities for discretionary behavior in officials and thereby for corruption. It is also efficient for the applicant as the application can be acted on even as he uses his or her time for other purposes. Thus, the more extensive the use of backroom processing, the more efficient the process is in terms of the applicant's use of his time and the greater the regularity and integrity of the process. Batangas uses backroom processing in only 3 out of the 12 signatories involved in the process. Iloilo uses it in 5 out of 13 signatories and Cagayan de Oro in 6 out of 13, in addition to the processing for the Tax Due Worksheet.

Requiring multiple copies of the same documents and of previous year's clearances decreases the efficiency of the process in terms of an applicant's time and that of the public office which has to physically file such copies. In Batangas, 4 offices required the previous year's Mayor's Permit and 5 offices required the previous year's clearances. In Iloilo, 4 offices required the

previous year's clearances. Cagayan de Oro's process did not require copies of the same documents or previous year's clearances.

The degree of fragmentation of a process is evident when an applicant makes more than one visit per step. Having to leave the queue or miss a turn due to an unknown requirement increases the cost to time of an applicant. Such was the case in Batangas City where 5 steps entailed 2 visits each and the BFP step entailed 3 visits for the applicant whose experiences were documented. In Iloilo City, 3 steps entailed 2 visits each. Cagayan de Oro's process entailed only one visit per step.

Table 12. Characteristics that Reduce or Promote Efficiency

Characteristics	Batangas	Iloilo	Cagayan de Oro
Prior Inspections	/	/	/
Use of Backroom Processing by City Offices	Only 3 out of 12 Signatories	For 5 out of 13 Signatories	For 6 out of 13 Signatories+ for Tax Due Worksheet
Required multiple copies of same documents and previous year's clearances	4 offices required copies of MP '11; 5 offices required previous year's clearances	4 offices required previous year's clearances	None
No. of Visits per Step	5 steps entailed 2 visits each; BFP steps entailed 3 visits	3 steps entailed 2 visits each	Only 1 visit per step

Excluding the requirements of the recently-passed Fire Code that gave the BFP the responsibility to collect fire code fees, all three cities have largely adopted one-time assessment and one-time payment.

In Cagayan de Oro, there were efficiency measures in place, like the:

a. Availability of the TDAWs & application forms in early January;
b. Elimination of photocopying & notarization requirements;
c. Elimination of repetitive requirements, like steps for the FIF from the BFP other than payment;
d. Provision of bookkeepers' lane for the processing of bulk transactions;
e. Continuation of services during lunch; and
f. Extension of service hours on the last day until 12 midnight.

In Iloilo City, applicants with businesses that were not considered 'high-risk' and/or those in a hurry to have their application renewed can fill-up and submit an 'Affidavit of Undertaking.„ This allows the registrant to be given the business permit in January even as s/he secures the FSIC w/in 60 days. Non-compliance risks immediate closure.

C. Comparison with BOSS Prescriptions

A BOSS is set-up to reduce or even eliminate the complexity of the administrative procedures that investors undergo to start and renew a business (Sader, 2000). It recognizes the opportunity cost for investors caused by this complexity, particularly for new businesses. The distinguishing feature of a BOSS is that it is a single entity that the investor can go to for approvals of all requirements through a streamlined and coordinated process.

Batangas and Iloilo have the BOSS only during January. Thus, the facility is used mostly for the renewal process. Cagayan de Oro's BOSS is a permanent, year-round facility that provides registration services for new businesses & the renewal of business permits. During this year's renewal period, however, it was the DTI-NERBAC BOSS where the process was conducive to new business registration, as both the NGAs and the city offices were represented.

All three cities required the applicant to return after at least 1 day to claim the business permit. Except for the varying degrees of streamlining, the BOSSs as established was largely compliant with the JMC definition.

However, the distinguishing feature of a BOSS, that it is a single entity that the investor can go to for approvals of all requirements through a streamlined and coordinated process, was not present in the three cities.

In Cagayan de Oro, the functionality of 2 BOSSs and a receiving station (in Limketkai Mall) shows the city's intent to make the service easily accessible to investors as they renew their permits.

Part V.
Conclusion and Recommended BPLS Reforms for the Target Cities

A. Conclusion

The three cities' renewal processes incorporate some of the best practices in other cities or in the past. In Cagayan de Oro, these past efforts had resulted in operational practices that other cities could learn from. However, the current process indicators show that further streamlining is required to enable compliance with the number of steps prescribed by the national standards and to meet best practices in the other indicators. Further streamlining is also needed to meet the objectives of efficiency & effectiveness of business processes.

Citizens of the 3 cities perceive the process positively, with a majority expressing satisfaction. There were also high levels of satisfaction with the BOSS environment and the front-line service providers. There is, however, a gap between this perception and the results of observations made of the situation in the BOSS, with the former being more favorable. Despite this, the suggestions given by respondents indicate that they are able to identify the operational inefficiencies.

The process and the behavior it imposes on the applicant shows the regulatory perspective with which it was conceived by the cities and the NGAs, that is to use the renewal process to enforce regulation. This perspective increases transaction costs without ensuring that regulatory purposes are met.

The BOSSs do bring together different NGAs and units of the city governments, which reduces the time spent in undergoing the business registration process. However, the BOSS as practiced in the three cities, is far from achieving the purposes for which it has been conceived.

B. Recommendations

In general, the three cities must pursue a package of streamlining interventions largely enhanced by automation and enabled by inspections reforms. This would enable compliance with and exceeding of the number of steps prescribed by national standards.

1.) Renewal Processes

For all three cities, the operational recommendations as regards the renewal process are the following:

1. Implementation of DILG MC 2011-15 on the use of provisionary permits for compliance with SSS, Pag-ibig, and Philhealth requirements;

2. Reduction of the number of signatories (broadly defined) involved throughout the process. The reasons behind the many signatories should be examined to determine if these are regulatory in nature. If this is the case, it is recommended that the cities review the purposes for which the BPLS exists and veer away from a regulatory perspective. What are really needed and desired and is enforcing the regulation through the BPLS achieving the intended effects?

The specific recommendations for the cities of Batangas and Iloilo as regards the renewal process follow.

1. Reform of steps that cause significant delay (e.g., processing of the BP for both cities and generation of TOP for Iloilo) by undertaking internal process simplification and addressing automation issues;

2. Elimination of the need for photocopies of documentary requirements through, among these measures, the sharing of databases among city offices and with NGAs;

3. Elimination of the need for more than one visit per office, through the sharing of databases;

4. Continuation and expansion of the use of backroom processing to cover more offices and signatories and thus reduce the number of interfaces between front-line staff and the applicant; and

5. For Batangas in particular, review of the need for BFP sub-steps and interfaces other than payment of the fire code fee.

The specific recommendations for CDO are as follows:

1. Reform of the step that still causes significant delay (e.g. Processing of the BP) by reviewing the necessity of internal steps and number of signatories (13) given the purpose of the renewal registration service; and

2. Expansion of the use of backroom processing, even in the BOSS, to cover more offices and signatories and to reduce the interfaces between the public official and the applicant;

3. Pursuit of non-process actions to maximize efficiency measures like:

    a. Addressing of the seemingly low demand for the early availability of AF and Tax Due Worksheets through a more aggressive information campaign months before the renewal period, including the posting of the AF on the web and the delivery/mailing of the Tax Due Worksheets;

    b. Publicizing of the BOSS NERBAC to re-distribute some of the crowd away from City Hall's BOSS;

    c. Consideration of other measures to encourage applicants to come before the last two days or on the last day, including the scheduling of registrations by cluster; and

    d. Given CDO's state of automation, consideration of on-line registration with the manual process still in place for those unable or unwilling to register on-line. Given the financial implications to the city of the recent disaster, this objective can be targeted in phases.

2.) BOSS Recommendations

For all three cities, the operational recommendations for the BOSS and the new business registration process being offered in it are the following:

1. Connecting of the BPLS to the Philippine Business Registry as this will greatly increase the ease with which new registrants comply with NG requirements. The cities may also use of the SEC viewer (card) to assess the SEC registration papers of applicants. This will remove the requirement of having applicants bring a physical copy of such papers;

2. Enhancement of the carrying capacity of the BOSS to improve the comfort of applicants and address efficiency issues during the peak period;

3. Streamlining of the processes of the BFP in processing applications as follows:

    a. Allowing of one-time assessment where the BFP fees are incorporated in the computation of fees of the cities. This will reduce the steps that an applicant will go through. This can efficiently be done if the BFP is electronically linked to the automated BPLS of the city;
    b. Allowing of advance inspection by the BFP where results are submitted to the city during the renewal period or alternatively, inspection to be done year-round after the submission of the renewal period;
    c. Assigning of a BFP staff to the City Treasurer's Office to take care of the payment of FSIC fees and the issuance of FSIC rather than having a separate space at the BOSS where applicants have to go and process BFP-related requirements;
    d. Studying of the feasibility of incorporating the BFP form with the unified application form of the city to avoid multiple forms being filled-up; and
    e. Removal of the requirement that applicants have to refill fire extinguishers during the renewal period;

4. Compliance with DILG Memorandum Circular no. 2011-15 dated January 31, 2011 which enjoins LGUs to issue a conditional permit which will allow applicants to comply with the requirements of SSS, Philhealth and PAG-IBIG within a month after the issuance of such permit;

5. Making the requirements of SSS, Philhealth or PAGIBIG available electronically, the issuance of these agencies of their respective negative lists to the cities; and

6. If recommendations 4 and 5 are not possible, strengthening of the ability of the SSS, DTI, and BIR to be continuously present in the BOSS. For Batangas in particular, the DTI provincial office may consider linking the city with their office to ensure presence of DTI staffs during the renewal period.

Recommendations for INVEST are:

1. Continuation of its active engagement with NGAs to avoid transfer of regulatory responsibilities to LGUs; and

2. Over the long term, guiding of the cities' leadership toward reviewing the purpose of its BPLS from a regulatory perspective.

ANNEXES

Annex A. Process Table Instrument

January 2013

City: _____

Type of Business: _____

APPLICANT'S PERSPECTIVE

	RENEWAL of BUSINESS REGISTRATION PROCESS															
Step No.	Name of Step	Tasks	Client Interface (Yes/No)	Type & No. of Form/s		Purpose	Req'd Documents	Cost (PhP)	Office	Location	Signatories & No.		Travel Time	Waiting Time	Processing Time	Output
				Type	No.						Signatory	No.		(minute/s)		
1																
2																
3																
4																
5																
6																
7																
8																
9																
n																
TOTAL																

Annex B. DILG-DTI Joint Memorandum Circular 1- Series of 2010

JMC PRESCRIBED STEPS
1. Secure and fill-up the application form
2. File the application for renewal
3. Submit documents for one-time assessment and verification
4. One-time payment
5. Claim the business permit

Annex C. Exit Interview Questionnaire Instrument

Code:_____

For Applicants for the Renewal of Business Permit (or Mayor's Permit)

City: **1** – Batangas
2 – Cagayan De Oro
3 – Iloilo

Date: January ___, 2013

A. Respondent's Background Information:

1. Are you the:

1 Owner of the Business **2** Staff of the Business **3** Service Provider (contracted to register the business) **4** Family/Friend of Owner of the Business **5** Other ____

B. Business Profile:

2. What is your (line of/kind of) business?

1 - Agriculture, Forestry, and Fishing
2 - Mining and Quarrying
3 – Manufacturing
4 - Electricity, Gas, Steam, and Air Conditioning Supply
5 - Water Supply; Sewerage, Waste Management and Remediation Activities
6 – Construction
7 - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles.
8- Transportation and Storage
9 - Accommodation and Food Service Activities
10 - Information and Communication
11 - Financial and Insurance Activities
12 - Real Estate Activities
13 - Professional, Scientific and Technical Activities
14 - Administrative and Support Service Activities
15 – Education
16 - Human Health and Social Work Activities
17 - Arts, Entertainment, and Recreation
18 - Other Service Activities

3. How is your business classified?

1 Single (proprietorship) **2** Partnership **3** Corporation **4** Cooperative

4. What is the type of ownership of your business?

1 Filipino **2** Philippine-Foreign Joint Venture **3** Foreign

5. What is the size of your business, based on total assets? (exclude cost of land)

1 Micro (0-9 employees) **2** Small (10-99 employees)
3 Medium (100-199 employees) **3**Large (200 or more employees)

6. ***How long has your business been in operation?***_____(In Years)

C. Process:

7. Where did you secure the unified application form (UAF)?

1 Downloaded thru internet **2** BPLO/Treasurer's Office **3** BOSS area **4** Others, pls specify

8. How long did it take you to get the permit?

1 Less than 1 hour **2** More than 1 hour but within the day **3** More than 1 day

9. Did you get the information you needed to renew your business permit?

1 Yes **2** No

8.1 If your answer was „No', from which national government office/s or local office/s (city or barangay) did you not get the information you needed?

_____ _____ _____

10. How clear were the instructions on what you had to do to renew your business permit?

1 Very Clear **2** A Little Clear **3** Clear **4** A Little Unclear **5** Very Unclear

9.1 If your answer was „Very Unclear' or „A Litle Unclear', from which national government office/s or local office/s (city or barangay) were the instructions not clear?

_____ _____ _____

11. How do you feel about the service during your application for the business permit?

1 Very Satisfied **2** Satisfied **3** Neutral **4** Dissatisfied **5** Very Dissatisfied

12. How did you feel while waiting for your business permit?

1 Very Comfortable **2** A Little Comfortable **3** Comfortable **4** A Little Uncomfortable **5**Very Uncomfortable

11.1 Please give top three (3) reasons for your answer:

_____ _____ _____

13. How friendly were the staff who processed your application?

1 Very Friendly **2** A Little Friendly **3** Friendly **4** A Little Unfriendly **5** Not Very Friendly

12.1 If your answer was „Not Very Friendly', from which national government office/s or local office/s (city or barangay) were the staff not friendly?

_____ _____ _____

14. How helpful were the staff who processed your application?

1 Very Helpful **2** A Little Helpful **3** Helpful **4** A Little Unhelpful **5** Not Very Helpful

13.1 If your answer was „Not Very Helpful', from which national government office/s or local office/s (city or barangay) were the staff not helpful?

_____ _____ _____

15. Do you think that the fees you paid to secure the business permit are reasonable?
1 Yes **2** No

16. How do you feel about going through this process again next year?
1 Looking forward to it **2** Not looking forward to it **3** Indifferent

17. Do you have any suggestions to improve the process of renewing business registrations?

_____ _____ _____

For the interviewer to encirle: ***Sex:*** **1** Male **2** Female

Express your appreciation to the responden

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