



PHILIPPINES DEVELOPMENT FORUM

Towards a Business - Friendly Permitting System in the Philippines

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FOREWORD

In his inaugural State of the Nation address, President Benigno Aquino III called on the local government units to “look for more ways to streamline our processes to make business start-ups easier.” In keeping with this challenge, the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry (DTI) signed a Joint Memorandum Circular (JMC) and an accompanying Joint Administrative Order on August 6, 2010 that set standards for processing applications for new businesses and business renewals. This initiative is envisioned to be the first project under the newly-organized Sub-Working Group on Local Investment Reforms that aim to promote local economic development through improvements in the competitiveness of LGUs and the overall investment climate at the local level. As with other countries, local government units (LGUs), especially cities, have an important role to play in driving national economic growth. Improving the country’s competitiveness standing from 144 among 183 countries in the latest World Bank study on “Doing Business 2010 – Reforming through Difficult Times” will require involving the LGUs in reforming the country’s business registration process.

Compliance with the standards for processing permits will require streamlining the business permits and licensing system (BPLS) of cities and municipalities. There had been past efforts at simplifying BPLS that benefitted some 62 cities and 209 municipalities nationwide through various projects of development partners such as from GTZ, USAID, CIDA and IFC. For the first time, however, the government will be imposing service standards consistent with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 (ARTA) and the JMC. There is therefore a need to capacitate cities and municipalities to comply with these standards. Several training workshops are planned for the purpose and this manual is intended to be a reference material that LGUs can refer to in the process of streamlining their operations. The document benefitted from consultations with selected LGUs held on August 4, 2010. A separate training module for trainers has been prepared to accompany this manual.

The preparation of this manual built on existing guides and toolkits prepared in similar projects in the past funded by the development partners. Its main difference with existing BPLs manuals is the setting of BPLS standards. The streamlining processes incorporated in the manual were enriched by the experiences in simplifying the most developed highly-urbanized LGUs in the national capital region and the middle income municipalities nationwide. While still appearing academic, it is hoped that the document will be useful as a guide to reducing the cost of business registration in the country.

Acknowledgements

This manual is one of the knowledge products which will be used in the nationwide streamlining of the business registration processes in the country, a joint project of the DILG and the DTI, as conveners of the Working Group of Growth and Investment Climate and the Decentralization Working Group under the Philippine Development Forum (PDF). Undersecretary Austere A. Panadero of the DILG and Undersecretary Zenaida C. Maglaya of DTI both provided the policy and operational guidance to the project.

The Local Government Academy (LGA), under the DILG, coordinated the Trainers' Training component of the project including the preparation of the manual with support from the Operations Policy Research Group of the DTI. Director Marivel Sacendoncillo and her team at LGA were responsible for the logistical support as well as the refinements in the training components of the project. Complementing the LGA was the DTI team headed by OIC-Director Abby Zurita and her team which coordinated the donor support to the project and provided the technical advice to the manual and other aspects of the project.

Two teams of consultants with expertise in simplifying processes for new business applications and business renewals jointly prepared the manual with inputs from government. The consultants include Ms. Menchie Kho, Mr. Noel Macalalad, Mr. Tim Moiket, Ms. Deeda Gonzales, Mr. Benjie Barreto formed the core team that produced the manual.

The BPLS streamlining project is a model of harmonized multi-donor support consistent with the Paris Declaration on Aid Effectiveness with the development partners funding different aspects of the project. Manual preparation and the accompanying training modules, including the preparation of the JMC were funded by AECID through its Support for Local Reform Project (SLRP) and the GTZ through the Decentralization Project. The training workshops for DTI, DILG and various stakeholders which will undertaken in August-September 2010 will be supported by the GTZ, USAID through its LINC-EG project, the International Finance Corporation. The understanding and facilitation of the following persons in developing this manual from the development community is very much appreciated: Dr. Herwig Mayer and EJ Solis of GTZ, Mr. Gonzalo Serrano and Sly Barrameda of SLRP.

Acronyms

ARTA	Anti-Red Tape Act of 2007
ASEAN	Association of Southeast Asian Nations
BFP	Bureau of Fire Protection
BIR	Bureau of Internal revenue
BOSS	Business One-Stop Shop
BPLO	Business Permits and Licensing Office
BPLS	Business Permits and Licensing System
CDA	Cooperative Development Authority
DILG	Department of the Interior and Local Government
DTI	Department of Trade and Industry
EO	Executive Order
FALAR	Fire and Life Safety Assessment Report
FSIC	Fire Safety Inspection Certificate
JMC	Joint Memorandum Circular on Guidelines in Implementing the Standards in Processing Business Permits and Licenses in All Cities and Municipalities
LCE	Local Chief Executive
LGU	Local Government Unit
MOA	Memorandum of Agreement
NGA	National Government Agency
OBO	Office of the Building Official
PBR	Philippine Business Registry
SEC	Securities and Exchange Commission
SWG-LIR	Sub-Working Group on Local Investment Reforms

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1. Introduction

Why Streamline

The reasons for streamlining are varied. There are the legal reasons that compel cities and municipalities to simplify their permitting systems. The rationale behind for the legal statutes is however the economic benefits that will accrue to LGUs and the nation as a whole with streamlined processes.

Legal Basis for Streamlining

There are two legal issuances that require LGUs to streamline their business registration system – RA 9485 and the Joint Memorandum Circular (JMC) on Guidelines in Implementing the Standards in Processing Business Permits and Licenses in All Cities and Municipalities.

Motivated by the importance of providing prompt and efficient frontline services and eliminating graft and corruption, the government passed RA 9485, more popularly known as the Anti-Red Tape Law (ARTA)ⁱ, mandating all government agencies to simplify front line service procedures, formulate service standards to observe in every transaction and make known these standards to the client.ⁱⁱ One of the major requirements of the ARTA is the submission of a Citizens Charter, showing “the range of specific services provided by that office, a step-by-step guide on how to avail of these services, and standards on quality and timeliness to be expected from the agency.” Specifically the processes targeted to be simplified includes: (1) steps in providing the service; (2) forms used; (3) requirements; (4) processing time; (5) fees and charges. Non-compliance with the law would subject the erring officials to sanctions.

To implement the law, the DILG for its part, launched the Comprehensive and Unified Response to Eliminate (CURE) Red Tape in Local Governments Program. This program consists of three components, advocacy, capacity building and a policy audit and compliance tracking system. Around 1,420 LGUs have submitted reports to the DILG in compliance with the CURE requirements.

To further implement ARTA, the DTI and DTI signed on August 6, 2010, the JMC (Annex 1) that sets specific standards for processing business permits and licenses at the city and municipal levels. The standards which will be described in greater detail cover the following processes: (1) forms; (2) steps; (4) processing time; and (4) number of signatories. The JMC, while having the same objectives as ARTA, reiterates the importance of promoting local investments and accelerating local economic development.

Benefits to the Local Government Units

Based on the experience of the LGUs which have earlier reformed their BPLS, the benefits of BPLS streamlining include: (1) improved revenue generation; (2) reduced time and resources spent by LGUs in the BPLS process; (3) more complete information base on business enterprises in their

localities; (4) more informed policy and decision-making; and (5) reduced graft and corruption; (6) better image for the LGU in the area of good governance.

The most important benefit of streamlining is the increased revenues that usually accrue to the LGU after streamlining. Table 1 show that the average increase in business tax revenues was more than 50 percent for the four (4) cities that streamlined their BPLS.

Table 1: Comparison of Business Tax Collection Before and After BPLS Reforms in Four Cities

REFORMING LGU	BUSINESS TAX COLLECTION (P million)		
	BEFORE REFORMS	AFTER REFORMS	% increase
Barili, Cebu	0.511 (2007)	0.794 (2008)	55.4
Iloilo City	67.75 (2007)	95.75 (2008)	41.3
Marikina City	159.0 (Q1 2007)	204.2 (Q1 2008)	28.4
Ormoc City	23.067 (Q1 2005)	42.67 (Q1 2006)	85.0

Source: GTZ Streamlining the BPLS Learning Module

In addition to increased revenues, the BPLS streamlining also results in reduced operational expenses for the LGUs. With shorter processing time, reduced face-to-face transactions with the public and fewer forms to be processed, the LGUs may enjoy savings from the streamlining. term. If the LGU, however, will computerize its BPLS operations, there will be an initial increase in outlays for computer equipment, software development and capacity building, which may be offset by better coverage in the medium-term.

Furthermore, a more streamlined business registration system requires data management improvements that enable LGUs to have a better picture of the businesses in their locality. In the more progressive cities, the streamlining leads to business and tax mapping that helps LGUs catch delinquent businesses who fail to register and file taxes.

Lastly, a simplified and an efficiently-run BPLS office improves the image of the Local Chief Executive and the LGU. Reduced graft and corruption is usually associated with streamlined BPLS which may reduce by a third the cost of “standard operating procedure”. The LGUs, which are perceived as business-friendly usually attracts more investments and reap awards, e.g. *Galing Pook*, that further boost the LGU image,. Good governance is an important factor for enhancing LGU competitiveness.

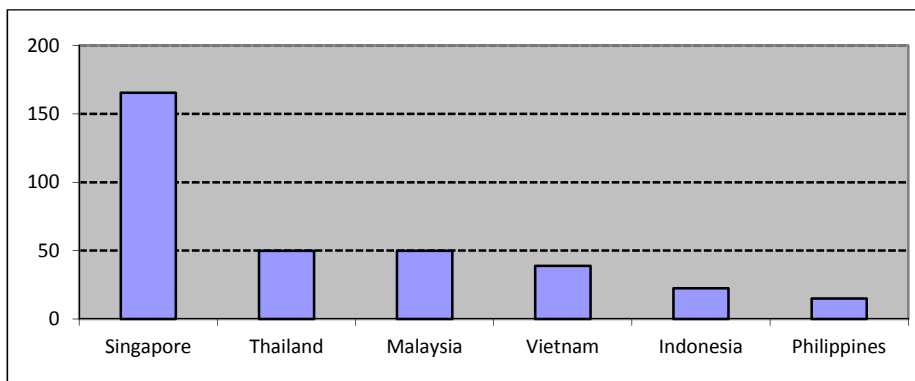
Benefits to the Businessmen

Obviously, the direct beneficiary of a streamlined BPLS is the businessman. Less corruption and reduced time spent in registering their businesses redound to financial savings. With simpler permitting system, the businessman will be better able to access financing and other support for their operations as proofs of registration are a usual requirement of banks and financing institutions. The sooner these are acquired, the better for the businessmen.

Benefits for the Country

The Philippines need investments from both local and foreign sources. Unfortunately the country is a laggard and the least favored by foreign investors as shown in Figure 1, which summarizes the amount of investments received by selected ASEAN countries from 1999-2008. Other than poor infrastructure facilities, the factor often cited for the country's seeming lack of competitiveness is governance (IMD 2010).

Figure 1: Foreign Direct investments in Selected ASEAN Countries, 1999-2007



Source - UNTAD, ASEAN,

Why is the inflow of investments anemic in the country? In 2007, the Philippines ranked 130th in the Global Ease of Doing survey. The following year, our ranking slipped down further to 134th, then 140th, and recently 144th. The ranking in the survey suggests that an investor will look at the first 143 countries before looking at the investment opportunities in the Philippines. The survey also shows that the rest of the world has much lower regulatory barriers for investments



In a recent survey conducted by the World Bank called '**Ease of Doing Business**' among 183 countries, there were 10 common business activity indicators used, i.e. starting a business,) dealing with construction permits, employing workers, registering a property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. These indicators **are like the hurdles** that runners need to cross to get to the finish line. The higher the hurdles, the more difficult it is to jump over and continue running.

Streamlining represents our attempt to lower the first of the ten hurdles mentioned above. Therefore, the primary objective of streamlining is to speed up the process of starting and renewing a business in your city/municipality.

Present State of National and LGU Competitiveness

Philippines' ranking in global competitiveness surveys has always been at the lowest third of countries despite national government conscious efforts such as the organization of the National Competitiveness Council.

Competitiveness and governance rankings

It is interesting to note that the poor FDI results for the Philippines *vis-a-vis* rest of the ASEAN-6 were also duplicated in all major global competitiveness and governance/corruption surveys:

- The Philippines ranked 87th out of 133 countries in the world (14th among 18 Asian countries and last among the ASEAN-6) in the World Economic Forum (WEF) Global Competitiveness Index Ranking for 2009-2010. The Philippines fared worst in WEF's institutions (113th), labor market efficiency (113th), innovation (99th) and infrastructure (98th) pillars.
- The country ranked a poor 43rd out of 57 countries in the International Institute of Management Development (IMD) global Competitiveness Ranking for 2009 (11th out of 11 Asian countries, and obviously last among the 5 ASEAN members – Vietnam was not surveyed – on the list). It was second to last in infrastructure and 51st in economic performance.
- The country placed 139th out of 180 countries in Transparency International's Corruption Perception Index (CPI) Rankings in 2009 (last among the ASEAN-6 member countries)
- The Philippines was 144th among 183 countries in the International Finance Corporation's (IFC) Doing Business 2010 Report, also last among the ASEAN-6. The country ranked poorest in starting a business (155th) and closing a business (153rd).

LGU Competitiveness

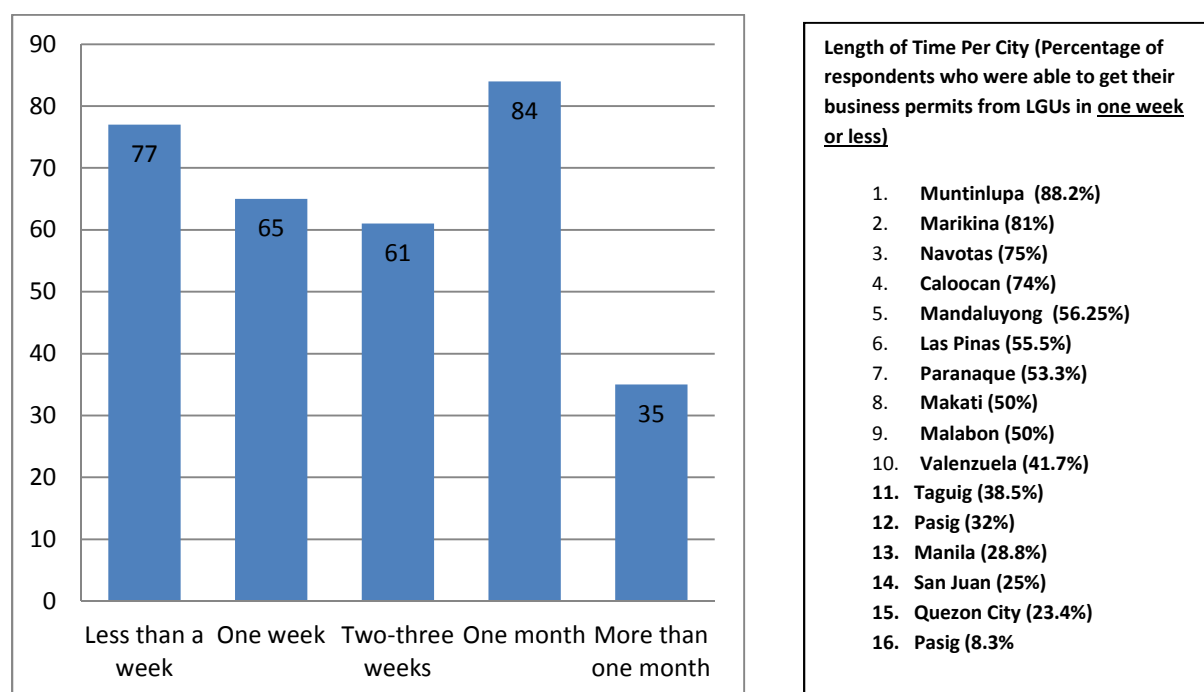
Two surveys have been commissioned in recent years to assess the level of competitiveness at the sub-national level. The National Competitiveness Council (NCC1) conducted a survey early part of 2010 to get the perception of businessmen regarding business permit registration processes in 17 cities and municipalities in Metro Manila. As an extension of their Global Doing Business Survey, the International Finance Corporation (IFC) in 2008 also conducted a survey in 20 metro cities in the Philippines to assess the cities' performance on three out of the ten criteria for competitiveness: (1) procedures for starting a business; (2) dealing with licenses; (3) registering a property.

The NCC1 survey indicate that slightly more than half of the respondents felt improvements in the registration system in 2010 as compared to previous years. These improvements include (1) decrease in the number of steps in processing application for renewal

(40.96%); (3) processing time (28.19%); (4) ensuring fast, efficient and convenient services to the applicants (9.57%). However, there were still laments on (1) the long time in processing/securing business permits; (2) tedious processes and procedures for permitting and the many requirements of national agencies; and (3) the need for improving the service orientation of frontline personnel.

On the processing time to get a business renewal, it took a month for most of the respondents to get the permit (Figure 2). Among the NCR cities, the top three areas where processing time took less than a week include Muntinlupa, Marikina and Navotas.

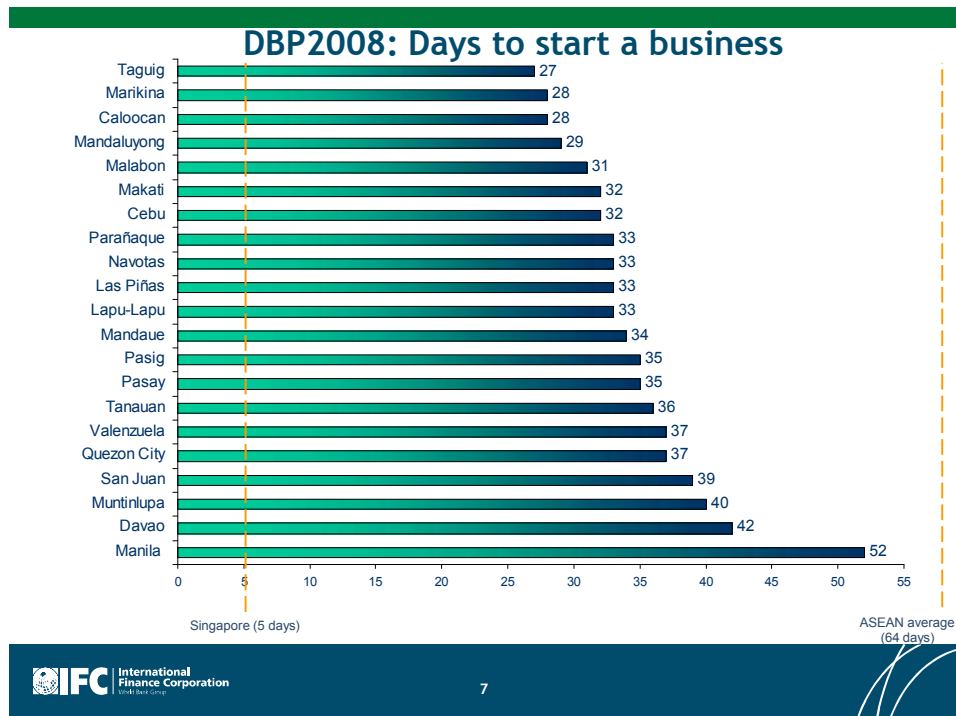
Figure 2: NCC Survey on Length of Time Needed to Get Business Renewal



On processing time, the IFC also surveyed selected cities in 2008 where it took from as low as 27 days to a high of 52 days to start a business compared to Singapore's five days (figure 3).¹

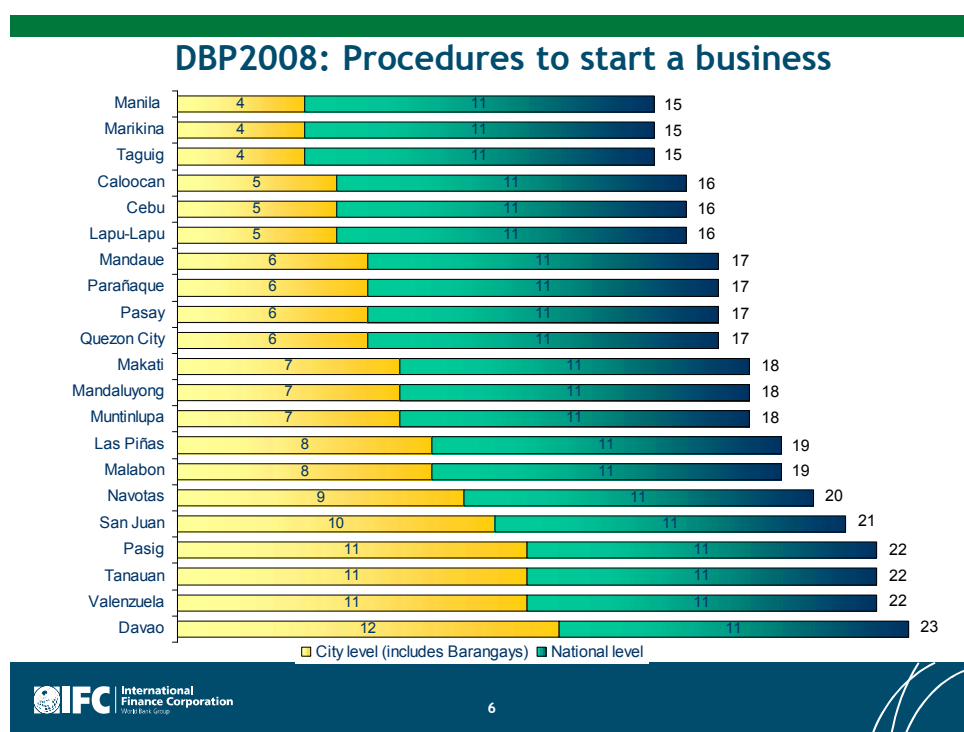
¹ [Indicate assumptions in IFC survey] .

Figure 3. IFC Survey on the Number of Days to Start a Business



The IFC 2008 DBP Survey also measured the procedures for starting a business. The range of steps varied from 15 to 23 with the national government agency (NGA) requirements accounting for the majority compared to those from LGUs (Figure 4). This indicates the need for parallel reforms at the national level.

Figure 4: IFC Survey on the Procedures to Start a Business



Overview of BPLS Reforms

The reforms in business registration started even in the 90s. To date around 61 cities and 209 municipalities nationwide have undergone some form of BPLS streamlining, mostly funded by development partners (Table 2). However, it is only last year with the passage of ARTA that the government decided to set some benchmarks for processing business permits particularly on 3 areas: (1) number of procedures or steps in processing permits; (2) processing time; (3) adopting a BPLS unified form. There were 26 cities and 4 municipalities trained to adopt these standards for processing business renewals. About 20 of the cities and all of the municipalities trained adopted at least one of these standards.

The BPLS reform program as currently formulated by DTI and DILG consist of five components:

1. Mobilizing Champions for the BPLS Reform Process

Implementation of the BPLS reforms will require engaging various sectors to support the reform process. This includes: (a) engaging LGUs to undertake the reforms; (b) harnessing support from the LGU Leagues to encourage their members to participate in the program; (c) engaging the private sector including the business sector, the academe, civil society organizations both at the national and local levels to participate in the program; (d)

coordinating concerned NG Agencies and their regional offices to manage the reforms; and (e) organizing the development community for the up scaling of the reforms.

Table 2. Current Status of BPLs Streamlining Initiatives

Donor	Region	No. of LGUs	Type of Reform	Remarks
GTZ	6,7,8	11 cities, 22 municipalities	New & Renewals	w/o standards
USAID	9,10,ARMM	4 cities	New & Renewals	w/o standards
IFC & LCP	NCR	12 cities	New	w/o standards
DTI	3	8 cities, 122 municipalities	New & Renewals	w/o standards
DTI & DILG	3, 4A, 7, 10, 11, 12	26 cities, 4 municipalities	Renewals	w/ standards
TOTAL	10 regions & NCR	61 cities, 209 municipalities		

2. Simplification & Standardization of the BPLS Process

The streamlining of the BPLS starts with setting performance standards for processing permits. Using the ARTA as framework for the standards, the simplification of the BPLS will start with process re-engineering that focuses on four areas: (a) use of one application form; (b) the number of signatories; (c) steps; and (d) processing time. These will be discussed in greater detail in the next chapter.

3. Computerization of the BPLS Process

Efficient process re-engineering requires some form of computerization. There are existing software programs developed in the past for BPLS including those that are being widely promoted by government such as the e-BPLS by the National Computer Center (NCC2). With the new BPLS standards, there may be a need to review the existing software with the objective of assisting LGUs in applying IT solutions to the streamlined BPLS processes. The NCC has been requested to take the lead in this component of the program.

4. Institutionalization

To ensure sustainability of the reforms, it is important to ensure that local regulations or legal instruments are issued in support of the streamlined processes. Otherwise, backsliding to the old ways will be inevitable after every change of administration. Other aspects of institutionalizing the program include: (a) setting up of a monitoring & evaluation system; (b) organizing local business chambers, civil society organizations (CSOs) for process

improvements & monitoring; (c) working for ISO certification; (d) developing incentive systems to promote best practices.

5. Improvements in Customer Relations

The BPLS program also addresses the business complaints on poor service delivery in the permitting process. Hence, hand-in-hand with process re-engineering is improving customer relations in cities and municipalities. This will entail complying with existing laws that were passed to protect the consumers: (a) compliance with the Anti-Fixing Act; (b) setting up of complaints desk; (c) implementation of the Citizens' Charter. Other areas of reform which can lead to a more customer-friendly BPLS include: (a) establishing One-Stop Shops (OSS); (b) conduct of information, education and communication (IEC) campaigns; (d) conduct of customer relations training.

2. BPLS Standards for Business Registration

Overview of the Registration Standards

The Business Registration Standards is the optimum mix between results of field experience and global competitiveness performance indicators. The field experience provided a gauge on what is achievable given our local conditions, available resources, and various constraints. The global competitiveness performance indicators, on the other hand, gave indications on how the country can improve our competitiveness ranking relative to other countries and attract our fair share of investment.

The formulation of the standard took into account two important perspectives in process re-engineering, i.e. the applicant and the government. Overall, the objective of setting standards is to ensure that the applicant goes through the simplest, most efficient set of procedures and the least time possible in securing a permit. To satisfy the client, the government needs to review its process and streamline these to attain the service standard.

Based on the JMC, the government is setting four standards in processing business permits: (1) the form; (2) the number of signatories; (3) the steps; (4) processing time. These consist of four out of the five processes recommended for simplification under ARTA. It must be emphasized that the standards set by the national government is the **minimum performance target** for LGUs. LGUs are **encouraged to surpass the standards**, if not in this round of streamlining, then in the future

Key Features of the Standards

1. The BPLS Unified Form

The government is enjoining LGUs to use a single unified application form to be used for both new business applications and business renewals. The BPLs unified form contains the information needed to complete the registration process and facilitates exchange of information among LGUs and national government agencies. Mandating a unified form entails eliminating the many forms that an applicant needs to fill-up repeatedly in the LGU offices. By using the unified form, it automatically cuts down a number of steps in the current registration process.

Annex 2 contains the prescribed BPLS unified form which comes in two pages. The first page, which is signed by the business owner or by his duly authorized representative, has basic information on the business, the owner of the business and the declared gross sales, which will be used for computing business taxes. The second page of the form, which is filled up by the LGU, is the assessment and verification form which lists (1) the taxes, fees and charges imposed by the LGU with the corresponding amounts and the names of the assessors; (2) the regulatory clearances issued, e.g. *barangay*, zoning, sanitary, fire safety clearances.

2. Signatories

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 under the law. Reducing the number of signatories is a key reform that makes streamlining possible. The ARTA limited to five the number of signatories for new or renewal of business permit. To avoid delay in the release of permits, signatories, usually the Municipal or City Administrator or the BPLO, are deputized by the Mayor

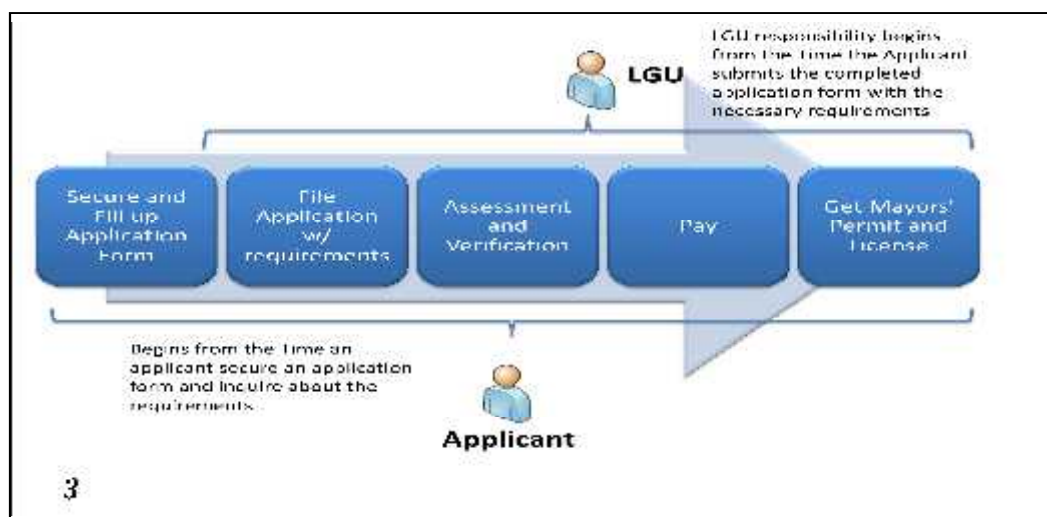
3. The Number of Steps

A step refers to an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses. A common performance indicator among global competitiveness surveys, it is a primary measure of process complexity and indicates the number of face-to-face interactions (or interfaces) between the applicant and the government (local and national).

Per the JMC on BPLS standards, all cities and municipalities are required to limit the number of steps that an applicant has to follow in applying for a mayor's permit to the following five (5) steps (Figure 6):

- (1) Securing an application form from the city or municipality;
- (2) Filing or submission of the accomplished application form with attached documentary requirements;
- (3) One-time assessment of taxes, fees and charges;
- (4) One-time payment of taxes, fees and charges;
- (5) Securing the Mayor's Permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

Figure 5: Standard Steps in Processing New Business Applications and Business Renewals



3.1 Requirements

Compliance with the above standard steps will require the following:

(1) Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety ordinances, health and sanitation undertaken during the construction stage shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with initial submissions during construction stage will be undertaken within the year after the issuance of the business permit.

(2) Joint inspection teams composed of the heads or representatives of the Business Permit and Licensing Office, the City/Municipal Engineering Office, the City/Municipal Health Office, the Zoning or the City/Municipal Planning & Development Office, the City/Municipal Treasurer's Office and the Bureau of Fire Protection shall be organized to conduct joint inspection of business enterprises as required by law.

(3) The Joint Inspection Team shall be headed by the Business Permit and Licensing Officer who shall oversee joint inspection operations.

(4) The Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement that above steps.

3.2 Understanding the Standard Steps

Step 1: Securing an Application Form

This is the first interaction of an applicant with the government registration process. A typical applicant will normally inquire about the following: (1) registration steps; (2) requirements or supporting documents; (3) time in days to register the business; (4) cost to register the business; (5) information on taxes; (6) other information that is specific to the business.

To a local government, this is the most significant of all interfaces. This is where the local government starts creating an impression to the investor. A number of LGUs have already introduced innovations in providing application forms, which can either be physically secured in the BPLO or accessed online at the LGU website. Some LGUs distribute the form to business establishments as part of the IEC campaign on BPLS. Monitoring failure rates and following up the reason for "failure to register" will provide LGU with a good indication on the level of service provided.

Step 2: Filing an Application Form

This step is where the efficiency of the information preparation and dissemination process (step1) is tested. The lack of clear guidelines/instruction on relevant requirements will result to multiple visits to this office in an attempt to secure and comply with the relevant requirement for the intended type of business.

In order to simplify the registration process of new business, those with recently issued building and occupancy permit need not be inspected again.

Step 3: One-Time Assessment

The unified form is a key tool to facilitate one-time assessment of relevant fees and taxes. There are a number of ways single assessment can be facilitated. The most common are the following: (1) the form is passed-around, among department representative within the one-stop-shop; (2) a single person is tasked to do the assessment; or (3) assessment is integrated in the programming of the city's Business Permit and Licensing System.

Step 4: One -Time Payment

Instead of requiring the applicant to pay for every relevant fee, charges and taxes as required by different offices, the applicant will need only to pay one time at the end of the process. Again, the unified form is the instrument that will facilitate a single payment. Single Payment can be manually implemented or with the aid of a computerized Business Permit and Licensing System

Step 5: Securing the Mayor's Permit

This step is usually facilitated by reducing the number of signatories in the final document

Tables 3 and 4 illustrate the standard steps which applicants shall follow in securing the Mayor's Permit for new business applications and business renewals.

Table 3. The Standard Steps for the Registration of New Businesses

Steps	Client		LGU		Standard Time (Timeframe of Action & Waiting Time of Client)	Good Practice
	Activities	Documentary Requirement	Offices	Required Actions		
1	Secure an Application Form		Frontline – BPLO	Give Application Form, List of Requirements		5-10
2	File Application for New Business Permit	Filled-up BPLS Unified Form, SEC/DTI/CDA Certificate of Registration, Location Map and Barangay Clearance, Occupancy Permit, copy of FSIC for Occupancy permit, copy of Fire insurance policy, if any	Frontline – BPLO	Written acknowledgement receipt	1 day or less	5 – 10 Minutes
3	One-Time Assessment	All documents from step 2	Frontline – Assessor Backroom – BFP Assessment	One-time assessment of taxes, fees and charges based on documents from inspection reports (occupancy Permit)	1-2 days or less	5 – 15 Minutes
4	One-time payment of taxes, fees & charges	Assessment of taxes, fees & charges plus all documents from steps 2 – 3	Frontline – Treasurer's Office (TO) Cashier Backroom -BFP	Collect and issue Official Receipt for payment of taxes, fees & charges	1 day or less	5 – 10 Minutes
5	Claim Mayor's/Business Permit	OR of taxes, fees & charges paid and all documents from steps 2 – 4	Frontline – BPLO Backroom – Mayor / Deputized Signatory	Print, sign and release Mayor's/Business Permit	One day or less	10-15 Minutes

Good Practices in Registration of New Business



Clearances issued for recent Occupancy Permit will serve as inspection reports for new business registration. As such, there is no need to inspect the same premise again during the registration process.

Businesses that moved in to a business space may no longer require inspection if the space is designed for the same type of business. e.g. an insurance company may occupy a business space designed for offices.

Business moving into a space that is not designed for the intended business operation will need go back to construction/renovation process.

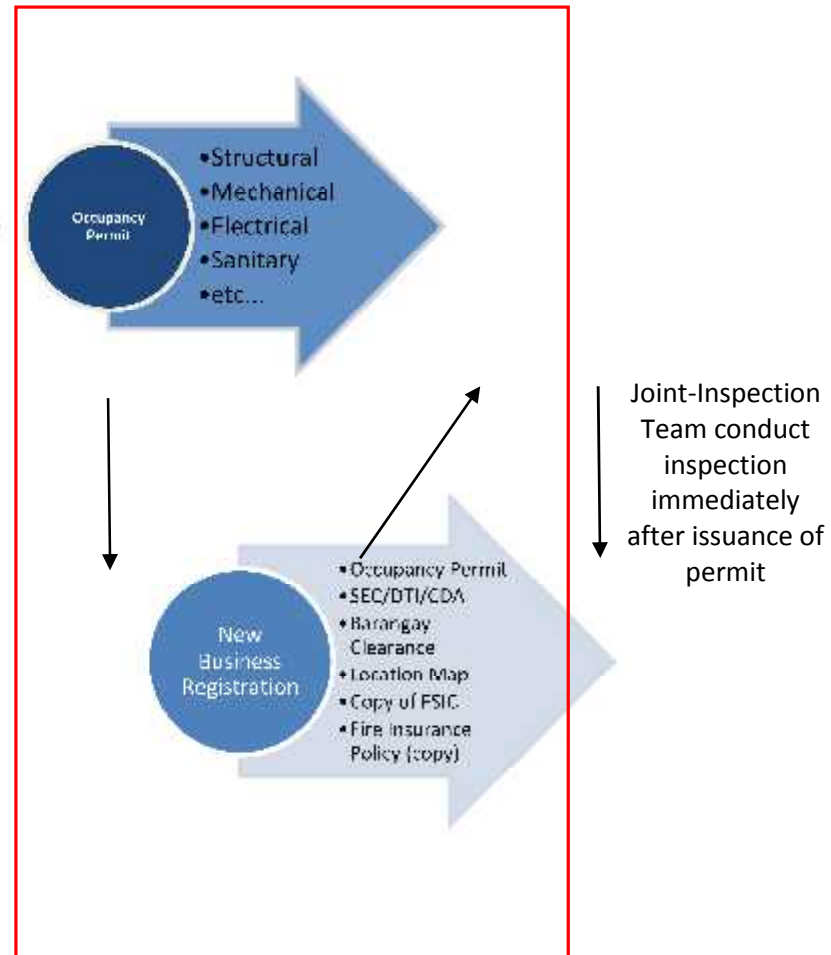


Table 4. The Standard Steps for the Renewal of Business Permits

Steps	Client		LGU		Timeframe of Action & Waiting Time of Client
	Activities	Documentary Requirement	Offices	Required Actions	
1	Secure Form for Business Applications		Frontline – BPLO	Give Application Form, List of Requirements	
2	File Application for Business Permit Renewal	Filled-up BPLS Unified Form, previous business permit, statement of gross sales from previous year	Frontline – BPLO	Review completeness of answers in the application form and documentary requirement; endorse to next step	5 – 15 Minutes
3	Submit documents for one-time assessment	All documents from step 2	Frontline – Assessor Backroom – JIT	One-time assessment of taxes, fees and charges based on documents from step 1 and client monitoring reports of JIT	10 – 20 Minutes
4	One-time payment of taxes, fees & charges	Assessment of taxes, fees & charges plus all documents from steps 2 – 3	Frontline – Treasurer's Office (TO) Cashier	Collect and issue Official Receipt for payment of taxes, fees & charges	10 – 15 Minutes
5	Submit documents & claim release of Mayor's/Business Permit	OR of taxes, fees & charges paid and all documents from steps 2 – 4	Frontline – BPLO Backroom – Mayor / Deputized Signatory	Print, sign and release Mayor's/Business Permit	10-15 Minutes

4. Processing Time

Processing time refers to the time spent by an applicant from the submission of the application form to the LGU to receipt of the business permit. Such period consists of transaction time, waiting time, and travel time within the site provided by an LGU for business registration.

Processing new business applications is considered a complex process, which according to the ARTA should be accomplished in ten (10) days. This time is inclusive of all processes performed by the LGU to complete the steps before a new business permit is issued.

Processing applications for business renewals, on the other hand, is considered a simple transaction which should take LGUs five (5) days to complete, per ARTA. This time is, also, inclusive of all processes performed by the LGU to complete the steps before issuing business permit renewal.

However, good practices in BPLS streamlining have established a standard of 5 days in acquiring a new business permit and less than a day for renewal of business permits. The LGUs should target these benchmarks in the BPLS process for issuing new or renewal of permits.

Box 1: Examples of Good Practices

A number of LGUs have surpassed the ARTA standards, with most investing in Information Technology (IT) which is really not mandatory.

Registration of New Business

Manila City managed to cut down its registration process into two steps (File and Pay). These two processes can be undertaken even with manual operations although with the assumption that all businesses have pre-complied with all regulatory requirements. The foundation of the Manila City's design revolves around an in-depth appreciation of the city's regulatory intent that allowed them to re-draw the registration process using their understanding of the city's regulatory framework as basis in designing the steps.

Quezon City's simplification effort focuses on minimizing the time spent by an applicant in lining up to be served. In the process, they totally eliminated the need to fill-up an application form. This step was replaced with a validation interview, where a BPLO representative types in the applicant's data into the QC system while doing a validation chat with the applicant. The system then automatically sends the application information to the respective department for the scheduling of inspection. Total transaction time is estimated to be twenty to thirty minutes, which includes payment of applicable fees, charges, and taxes. They, however, commit to mail out the official permit and plate within nine days.

Renewal of Business Registration

Cebu City managed to cut down the number of renewal steps to four by doing a massive Information Education and Communication (IEC) Campaign. This IEC campaign is undertaken during the last 6 months of the year. The objective of this campaign is to distribute application form and ensure that businesses are informed of new developments for renewal.

3. Procedures to Attain BPLS Standards

Overview

The process of streamlining LGU BPLS consists of six phases (Figure 6), closely adhering to the BPLS continuum which the GTZ has been promoting in the Visayas regions:

1. Pre-Streamlining Activities

These preparatory activities aim at soliciting the support of the stakeholders and the commitment of the local chief executives to the BPLS Reforms. These activities include: (a) providing orientation workshops on BPLS reforms; (b) obtaining the commitment of Local Chief Executives to undertake the reforms; (c) once commitment is secured, organizing the local government office to undertake the reforms.

2. Diagnosis

The diagnosis phase consists of two activities: (a) determining the current BPLS flowchart for both new and business renewals; and (2) assessing BPLS process vis-a-vis the standards set by government and identifies the gaps.

3. Process Design

The design phase involves preparing the BPLS action or reform plan, which assigns responsible persons and identifies the budget requirements for the reforms

4. Institutionalization

This phase ensures that the legal requisites to the reforms are prepared and legislated.

5. Implementation

This phase includes preparing the work and financial plans and conducting dry-runs on the streamlined process.

6. Sustaining the Reforms

This phase involve setting up a monitoring system for BPLS reforms including the conduct of Client satisfaction surveys and engaging stakeholders like local business chambers and civil society groups to regularly monitor LGU compliance with the reforms. The more progressive LGUs have sought ISO certification of their BPLS to sustain the reforms.

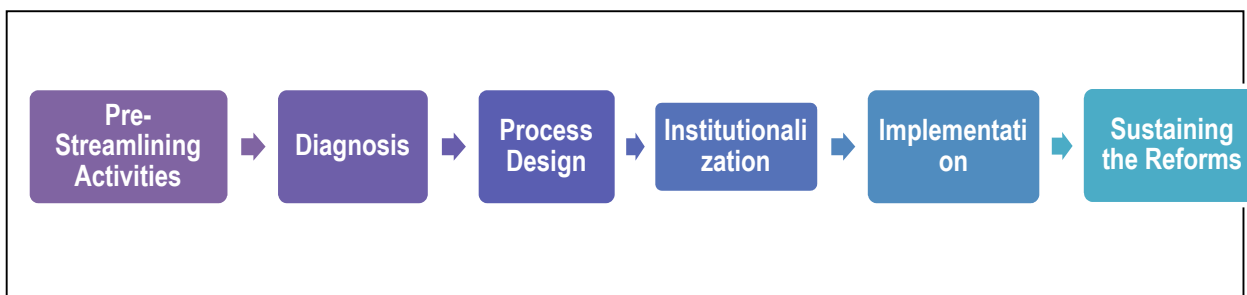


Figure 6. Phases in Streamlining Business Permits and Licensing System

Pre-Streamlining Activities

1. Orientation of Key Stakeholders on the Rational of BPLS Reform.

The reform process begins with an orientation to acquaint key stakeholders about the rationale of introducing standards in streamlining BPLS. It specifically seeks to generate interest, acceptance, and commitment for action to the BPLS reform process from key LGU Officials and support from the private sector. The workshop may be part of the capacity building program jointly organized by the DILG and DTI as part of the Nationwide upscaling of BPLS Reform project covering topics about: (1) ARTA as the legal basis for reforming BPLS; (2) benefits of the BPLS reforms to the LGU, the business sector, the economy and the general public; and (3) an overview of the BPLS Reforms.

The key participants to invite are the Mayor, the Vice Mayor, Local Council Members, Barangay Captains, Heads of the various LGU agencies involved in the BPLS process and the officers of key private sector organizations in the locality. It is necessary to get the selected participants to attend to hasten the take-off of the BPLS reform process.

2. Obtaining Commitment to Undertake BPLS Reforms.

The commitment and support of key stakeholders is obtained after the orientation in the form of a Memorandum of Agreement (MOA) among the Mayor, the DILG and DTI that will bind the LGU to undertake the full process of instituting BPLS reforms [\[see Annex 3\]](#). The Vice Mayor, the Ways and Means Committee Chairman of the Council and the Treasurer, who are key participants of the BPLS streamlining initiative, will sign as witnesses.

3. Organizing Key Working Groups

The MOA will trigger formation of the key BPLS groups that will implement the reform process:

3.1 Technical Working Group (TWG)

The first group to organize is the ST which is usually created by an Executive Order (see Annex 4) with the BPLO or the Treasurer as Chairman and the heads of the various LGU regulatory agencies involved in the BPLS process as members, namely, the BPL Office, the City/Municipal Treasurer's Office, the City/Municipal Planning Office, the Chairman of the Committee on Ways and Means of the Local Council, Office of the Building Official, Bureau of Fire Protection, and the City/Municipal Health Office. Its main task is to steer the implementation of the BPLS reform process. Specifically, it will assist in analysing areas for reforms, preparation of the BPLS action plan, guide members put the reforms in place, assist in creation of ordinances to support and institutionalize the reforms, etc.

3.2 Private Sector Team (PST)

Since the standards adopt the applicant's perspective, the LGU needs to form a private sector team to provide this perspective and balance insights from the LGU as the work progresses. The private sector team will share their experience in business registration during the diagnosis stage and provide feedback on the options generated by the Streamlining Team during the design and implementation stages. Through advocacy, it can help ensure passage of local legislations on the streamlined process. It can help sustain continuous improvement by providing feedback and ideas.

The membership of the PST may include representatives from the trade associations, local chamber of commerce, building and mall administrators, home owners associations, market vendor associations, among others. Template memorandum on the creation of the PST is found in Annex 6.

3.3 Creation of Information, Education and Communication Team (IEC)

The IEC is an effective support mechanism of the BPLS reform initiative. Good practices show that implementing IEC helped businessmen prepare registration requirements and comply with regulations prior to the renewal period. This accelerated processing of business permit renewal, increased the number of renewals, and correspondingly increased the amount of collection on January 1 to 20 during the annual business permit renewal period.

As a mechanism, IEC helps:

- Acquaint the public about the BPLS reform initiatives,
- Notify businessmen and bookkeepers about BPLS requirement and procedures for new or renewal of business permits,

- Educate businessmen on taxes, fees and charges related to BPLS,
- Educate businessmen on regulations impacting business,
- Acquaint businessmen of regular year round JIT activities.

The IEC tools usually consist of flyers, posters, streamers, record, and business forum as well as tri-media announcements, consultations in designated LGU offices, training and seminars. These activities create favourable partnership between the LGU and the business sector and will make the BPLS reform environment transparent, predictable, and comprehensible, customer friendly and clear.

The IEC team is created by an Executive Order or an Ordinance. The JIT plus the communications group of the LGU, with the BPLO as coordinator can constitute the IEC team.

Diagnosis

It is good practice to start the diagnosis for improvement after the working groups are in place. This ensures comprehensive coverage and cooperation in the review of the process and revenue aspects of BPLS process.

There are many approaches in analyzing the current LGU system for business registration. In this manual, there are basically three proposals for undertaking this phase : (1) preparation of the process table; (2) conducting the BPLS process assessment; and (3) review of the local revenue code; (4) assessment of the BPLS forms.

1. Preparing the BPLS Process Table

As an initial step in diagnosing the current BPLS in your LGU, the BPLS Streamlining Team should answer the diagnostic questions in Box 2 and document the responses in the template Process Tables shown in Table 6 below.

Table 6. BPLS Process Table Template

PROCESS TABLE											
			Input			Process					Output
Step No. (1)	Name of the Step (2)	Purpose (3)	No. of Forms (4)	Documents Required (5)	Cost (6)	Office (7)	Location (8)	No. of Signatories (9)	Action (10)	Time to Process (11)	Output (12)
1											
2											
3											
4											
5											
6											
7											
Total			Total	Total				Total		Total	

BOX 2. Diagnostic Questions:

1. What steps does the applicant need to do to apply for registration? (Col.1)
2. What is the purpose (legal basis) of each step?(Col.2)
3. What documents does the applicant need to submit for every step?(Cols. 4-5)
4. What is the cost/s for each requirement required in the step? (col.6)
5. In what office does the applicant accomplish the step? Where is it located (including the floor number)?(Col.7)
6. Excluding the applicant, how many persons from each office are involved in processing the step?(Col.9)
7. What activities or tasks are the persons in the office doing in processing the step? (Col. 10)
8. How long (at the minimum, in minutes) does it take an applicant to walk to each office? How long does s/he have to wait in line or for an LGU personnel from whom something is needed (for ex., a line number)? How long did it take for the LGU personnel to process the transaction? (Col.11)
9. What does the applicant get (document or information) from the step?(Col.12)

2. Assessing the BPLS Process

After completing the process table, the analysis of the current BPLS process against the standards is undertaken using Table 7 below. List the processes or areas of concerns in the first column, namely, number of steps, number of document required, and number of signatories and the time of processing. Across each, indicate the existing practice, the standards, the gap between actual and standards, areas of reform and the strategies of putting those reforms in place.

Table 7. BPLS Process Assessment Template

Areas of Concerns	(I) Existing Practice	(II) Benchmark/ Standards	(III) Identified Gaps	(IV) Areas of Reforms	(V) Reform Strategy
Steps					
Documents					
Signatory					
Time					

Initially, the designing a streamlined process may be facilitated by asking questions related to the standards (Box 3).

Box 3: Guide Questions in Designing Streamlined BPLS Process

Guide Questions	Possible Actions
Which of the requirements being asked of the applicant are the same for many offices? (ex. Copy of DTI or SEC registration)	<p>Reduce similar requirements to just one submission at the start of the process.</p> <p>For example, the DTI or SEC registration copy should only be required when the applicant first applies. Any information in the registration (ex. capitalization) needed by other offices can be an information field in the unified application form.</p> <p>Putting in place an information-sharing mechanism among LGU offices will reduce the need for multiple requirements.</p>
Are applicants required to undertake many steps? Why?	<p>Examine which of the steps are necessary and which can be eliminated. Look at the 'Purpose' column of the Process Table to check that a step serves a legal purpose.</p> <p>Enabling the sharing of information databases can reduce steps and interfaces.</p>
Are applicants being required to fill out many application forms asking for the same information? (ex. name, address)	Unified Form
After the analysis of the gaps and the initial identification of the reform strategy, the next stage is the writing of the action plan. Are applicants going to many offices – within one building or to many buildings - lengthening travel time?	One Stop Shop
Are applicants waiting in line for a long time?	<p>Add more frontline staff, especially during peak periods</p> <p>Provide a separate window or different schedule for applicants representing many applications</p>
How long is the transaction time?	<p>Compare it to the benchmarks. If it is longer than good practices, observe what is taking time for the frontline staff to process a transaction. For ex., if the reason is the information supplied by the applicant is incomplete or wrong, provide written instructions or FAQs for example, before the applicant is entertained by the frontline staff.</p> <p>If part of transaction time is for securing the signature of an official, authorize more than one official to issue approvals</p>
How long is the total processing time for backroom processes?	Compare it to the benchmarks. Using these guide questions, undertake process simplification to backroom processes. Decide whether service standards (time within which the service must be completed) can be imposed to complete a step.

Process Design

1. Preparing the Action Plan

The format for preparing the action plan is shown in Table 8 which takes off from the BPLS reform strategies formulated in the assessment table above

Table 8. Workshop 4 Template

Reform Strategy	Specific Activity	Expected Results	Date of Implementation	Responsible Unit/Person	Resources Needed	Support Needed
List from previous exercise.	What steps to take?	What will result from the steps?	When are activities to be done?	Who is on top? For whom activities are done?	What are the inputs are needed?	What internal/external supports to do this?
Immediate – within 1 month						
Short-term – 1 quarter						
Medium-term 1 semester						
Long-term						

The first step in preparing the action plan is to lift the strategies from the assessment table. As this is done, each activity in col. 2 should be categorized according to the schedule of their implementation, i.e. one month, one quarter, one semester. In addition, the following information are important, i.e. persons responsible in implementing the activities, resources and support needed to pursue the strategy.

In documented good practices the BPLS reform strategies are usually on simplification of the processes to meet the standards, i.e. proper sequencing of the steps; setting-up of the business one-stop-shop (BOSS) as common venue of BPLS transactions; making the joint inspection team (JIT) work; running information, education and

communication campaigns (IEC); modernizing BPLS technology; capability building of the staff; and setting the legal framework in institutionalizing BPLS. These are gaps and areas for reform which are brought forward to the next stage of analysis.

Institutionalization

1. Getting Commitment to the BPLS Reforms

Now that the team has a design for a streamlined process, it must work towards the formalization or institutionalization of the design. One way to do this is to prepare and sign a commitment statement which is an internally circulated document signed by all the offices involved in the project stating their intention to implement the proposed design.

Annex --provides a sample where each member of the team ensures the agreement of their superiors, as proven by his or her signature.

2. Legal Institutionalization

Legal Institutionalization is a two-stage process. The first stage requires an executive order (EO). The EO gives legal basis for the implementation of the proposed reform. This will allow process simulation activities and parallel run to commence. Process simulation is a good exercise in preparing for implementation. This prepares the employees to get a first-hand experience on how the new process. This is a good confidence building exercise among employees.

Parallel runs are the next pre-implementation step prior to launching. Parallel run means running the proposed process side-by-side with the old process. This is a tedious exercise, which is why this commonly skipped. However, it allow for final testing and further fine-tuning of the process.

The last stage in the legal institutionalization is the City Ordinance (CO). This transforms the reform into a city ordinance.

Implementation

1. Presentation of the Action Plan

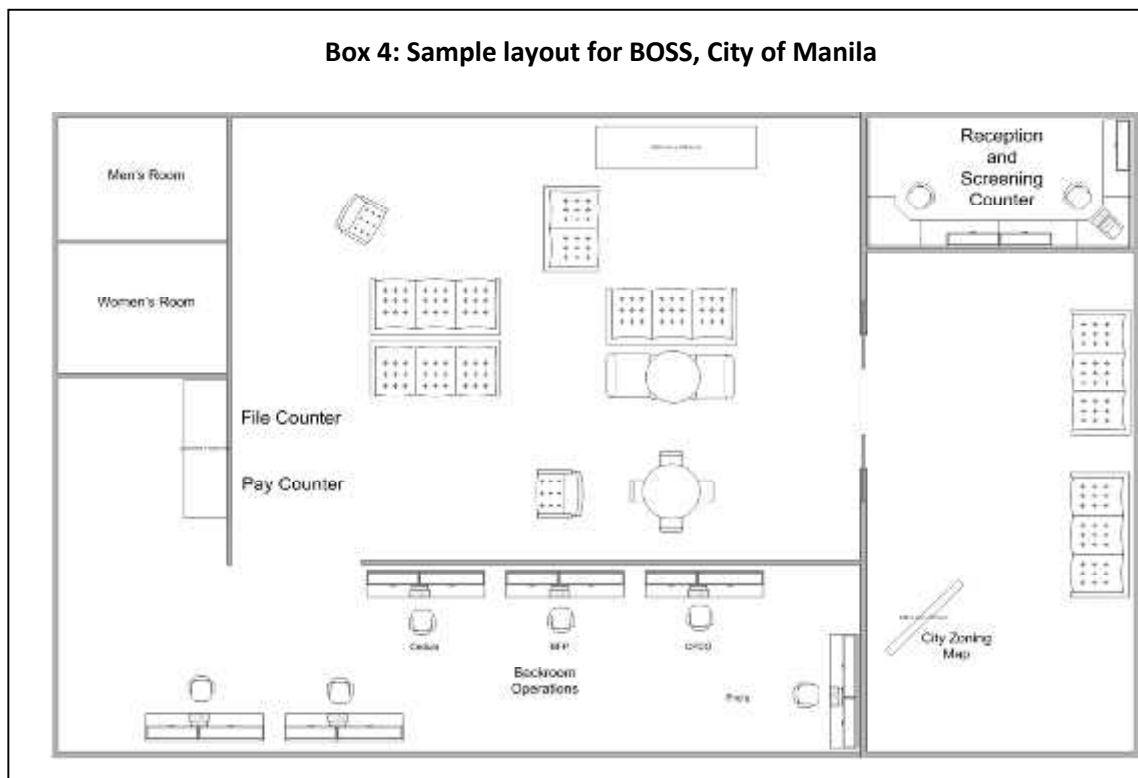
As good practice, it is always beneficial to begin implementing the plan by presenting the action plan to the key stakeholders, namely, the Mayor, the Vice Mayor, the Chairman of the Committee on Ways and Means of the Council, and the heads of private sector organizations in the locality. Their inputs can help refine the plan and their participation will generate understanding and support for the reforms. After presentation, it is also, a good practice to get the key stakeholders to sign the plan. This is done in a simple ceremony.

2. Designing the Business One-Stop Shop (BOSS)

After incorporating the inputs of the stakeholders to the plan (if any), the Business One-Stop-Shop is organized. The following considerations to remember:

- Physical set-up that considers traffic flow of the process,
- Signage indicating steps, directions and working stations of service providers,
- Desk officer's corner or clients assistance center, and
- Fast lane for senior citizens and applicants with disabilities

The BOSS can start in a temporary location at the initial stage just to ensure the needs during the renewal period in January are met. However, if a permanent location is available, it is more preferable to organize the BOSS in that location.



In terms of area, the BOSS should be wide enough to accommodate all frontline operators, and the backroom support. It should also, have enough space to accommodate the office equipment used in BPLS operation. Finally, there should be enough space for a customer's lounge where applicants will be seated to wait for the processing of their applications.

The amenities in the BOSS include the air conditioning, comfortable tables and chairs, drinking water dispenser, reading materials and hot coffee dispenser. We can add a cable

television which can be used to entertain the applicants while waiting for their business permits. A sample set-up of a BOSS is illustrated below.

A dry-run of the BOSS towards which all streamlined processes are directed will come next. This process will help fine tune the new BPL system as well as surface out problems that were not anticipated in the planning of the reforms. The refinements will help improve the system before it goes full swing and help the implementers deal with potential problems ahead of full implementation. It is also a good practice to make dry run of the JIT and the IEC by undertaking test JIT inspections and conduct of test IECs.

Figure 6. Business One-Stop-Shop



After the dry runs are complete, it is important to finalize the work and financial plan based on the anticipated operations of the BOSS, the JIT and the IEC. Initial implementation is done in real time (during the immediate renewal period) and evaluated for improvement. Once ready, this will be presented for approval of the City/Municipal Mayor.

3. Computerization of BPLS Operations

Computerization is an essential component of BPLS operation. It helps speed up the process and increases the capacity to accept more registrant within the same amount of time. However, the desire to computerize must be properly balanced with the following: (a) available budget; (b) volume of registration; (c) willingness of user to learn and use the system; (d) current level of IT infrastructure; (e) data that needs to be captured; and (f) LGU capability to maintain the system. Table 9 provides some guide in buying computer equipment for BPLS implementation.

Table 9. Tools for Computerization Program

Equipment	Benefit	Disadvantage	Appropriate Cost (as of May 2008)
Desktop Computer	<ul style="list-style-type: none"> • Less time consumed in filing in data • Easy access to database • Immediate upload of data into the information system • Upgradable peripherals • May be placed on a per step window basis 	<ul style="list-style-type: none"> • Will not function during power failures • Obsolescence in a few months • Stationary in one desk 	<ul style="list-style-type: none"> • PHP25,000 (mid-range)
Laptop Computer	<ul style="list-style-type: none"> • Less time consumed in filing in data • Easy access to database • Immediate upload of data into the information system • Upgradable peripherals • May be placed on a per step/ window basis • Portable and may be moved to different station depending on demand per step • Can function for a limited time during power failures 	<ul style="list-style-type: none"> • Obsolescence in a few months • Difficult to upgrade peripherals 	<ul style="list-style-type: none"> • PHP30,000 (not higher-end, but functional)
Printer	<ul style="list-style-type: none"> • Fast generation of fees, receipts, approvals, inspections and permits • Although printers may be shared by a few computers, it is more efficient to attach a printer for each computer terminal 	<ul style="list-style-type: none"> • If security is low, some civil servants may print important documents arbitrarily if printer is readily available to everyone 	<ul style="list-style-type: none"> • PHP3,500 (inkjet) • PHP11,000 (laserjet)
Microsoft Windows	<ul style="list-style-type: none"> • Familiar to most users 	<ul style="list-style-type: none"> • It is expensive • Has security issues 	<ul style="list-style-type: none"> • PHP7,000 per computer
Microsoft Office	<ul style="list-style-type: none"> • Familiar to most users 	<ul style="list-style-type: none"> • It is expensive • Has security issues 	<ul style="list-style-type: none"> • PHP7,000 for every three users

Equipment	Benefit	Disadvantage	Appropriate Cost (as of May 2008)
Linux System	<ul style="list-style-type: none"> • Free 	<ul style="list-style-type: none"> • Users need a few days to familiarize themselves with this system • Will incur costs for training 	<ul style="list-style-type: none"> • Free

4. Preparing a BPLS Communication Plan

Communication, both internal and external, is critical in realizing the benefits of simplification. Remember that one of the objectives of simplifying the process is for informal businesses to decide that it is worth their time and effort to formalize. Business owners who are studying the feasibility of starting a business may also consider the LGU's registration process as one factor in where to locate. Both target audiences must therefore be aware and understand the LGU's simplification plans.

The Communications Plan must cover the period from the time that the EO authorizing the project is issued and publicized to until after the official launch.

Table 10 below presents the types of communications strategies that LGUs can adopt. The representative from the Information Office of the Streamlining Team should spearhead the drafting of the Communications Plan. The external communications plan should utilize all media, especially the web.

Table 10. Types of Communication Strategies

Collateral	Benefit	Disadvantage	Approximate Cost (as of May 2008)
Business Cards	<ul style="list-style-type: none"> • Personal touch for LGU frontliner • Contains all contract information 		<ul style="list-style-type: none"> • PHP150+/box of 300
Phone Calls	<ul style="list-style-type: none"> • Pro-active marketing of new system 	<ul style="list-style-type: none"> • Some if not most recipients find phone calls too obtrusive 	<ul style="list-style-type: none"> • Free

Website	<ul style="list-style-type: none"> • Contains all information • Information can be accessed any time at convenience of applicants/clients • Can accept all forms of inquiries • Can contain downloadable forms • Can also host a form where clients/applicants may post inquiries and feedback 	<ul style="list-style-type: none"> • Need to updated regularly • Need to be maintained by a point person; webmaster • Can only be accessed via internet • If not secure, can be hacked into 	<ul style="list-style-type: none"> • Domain registration \$10 • Web hosting (depends on plan availed) • Internet connection PHP4,000-5,000 monthly • Salary of webmaster
Brochure	<ul style="list-style-type: none"> • Very business like • Can be given to potential investors • Contains truncated version of BPLS system and all contact information 	<ul style="list-style-type: none"> • Good ones are expensive • Limited copies depending on amount printed 	<ul style="list-style-type: none"> • Depends on type of brochure
Templates	<ul style="list-style-type: none"> • This means that all mediums (letters, envelops, Powerpoint presentation, websites, budget headsets, brochures) will use a similar template and give a very professional feel to LGU • Easily identified with LGU 		<ul style="list-style-type: none"> • Honoraria for designer, if needed
Signage	<ul style="list-style-type: none"> • Can be posted on location • Contains all steps, requirements and other relevant information 		<ul style="list-style-type: none"> • For tarpaulins – PHP25/sq foot • Frames range from PHP2,000 to 5,000 each

5. Training Frontline Personnel in Customer Service

The frontline personnel is the “face” of the local government, how they act and behave in front of the investor creates the “impression” of what it is like to do business in the city/municipality. Thus, it is important that the frontline personnel are properly trained. Part of the training should include customer management, service orientation and preferably very knowledgeable about not just the assigned task but the whole registration process.

Sustaining BPLS Reforms

1. Putting in Place Monitoring and Evaluation System

It is important to put in place the monitoring and evaluation (M&E) system as a mechanism to sustain implementation of the reforms (see Annex 7: Sample M&E). Through the information that are gathered the M&E will serve as a management control tool that will enable the LGU to follow up progress in instituting the BPLS standards. It too, provides a system of communicating the important lessons learned that can be basis to improve performance and guide future planning.

More importantly, the M&E system will serve as a built-in mechanism in creating accountability and transparency, which promote greater responsibility and efficiency in achieving results. It too serves as mechanism for oversight. The information gathered could alert the Mayor, the Treasurer, the BPLO and C/MLGOOs about things that are going wrong or going right in the implementation of BPLS.

Finally, monitoring serves as a tool that will help check whether the BPLS reform process is still relevant or aligned with its intended purpose. This will help the Treasurer, the Mayor and the *Sangguniang Bayan* in making strategic decisions about the project.

2. Capability Building and Strengthening

Simultaneous with the building of the BPLS organization is the need to upgrade the performance and skills of the staff. This requires conduct of staff training on the improved BPL system and on new practices that evolved from the reforms (frontline management services, records management, computer literacy, assessment, orientation on LRC and Local Government Code, team building etc).

Building and strengthening of BPLS capability has two facets, namely, the aspect of institutionalizing reforms and the aspect on personnel development. On institutionalizing reforms, the issue of having a permanent BPL Office and staff has to be addressed. Coordinating all regulatory functions is a primary responsibility of the Mayor that is usually delegated to the BPLO, who facilitates BPLS. Yet this has been overlooked. But by now, it has become clear that BPLS is a regular all year round function of the LGU that requires proper office and staffing and not just an adjunct assignment in January as commonly perceived. This underlies the need for an ordinance creating an organic BPL Office in the LGU with a regular plantilla position for the BPL Officer ([see Annex 8: Sample EO Creating BPLO](#)). This shall enable the LGU to effectively implement and sustain the BPLS reforms.

Complementary to this is the need for an ordinance that creates the JIT and IEC composite groups under the operational oversight of the BPLO to provide support to the BPL operations. These organizational elements in place will give assurance to the sustainability of the reforms regardless of leadership change.

4. Challenges in Implementing BPLS Reforms

The challenges in introducing BPLS reforms are great. On one hand, there are important challenges in responding to the attitude of the business sector to government. This is an important object of the changes that are planned but the hurdles are there. Consider the following list of the common complaints of taxpayers securing business permit from LGUs listed in the box below.

After years of living with those facts about the bureaucracy, it is not surprising to encounter some members of the business sector who have turned sceptical. The first response one gets when announcing the reforms to them is one of disbelief. This can be discouraging, but the greatest challenge to the BPLS team is then to get the trust of the businessmen that changes being introduced are for real and will be sustained.

Internally, there are two aspects of challenges: one is with the people assigned to do the job and the other is with the bosses, who are politicians. As to the staff, consider the list in the box below.

► **What are the prevalent situations in most LGUs?**

No proper orientation of employees as to their respective role and function in the organization

Misfits employees because of the padrino system.

Lack of manpower and logistics.

Lack of proper facilities and equipments.

Lack of technical knowhow of inspectors.

Processes and procedures are based on traditions and "used to" scheme.

Implementation of mandates are haphazardly done for compliance purposes.



The greater challenge is to deal with the bosses. There are so many: the Mayor, the Vice Mayor and the Council Members. The list of challenges below will acquaint you with what to expect.

Highly political, too much politicized, too much politicking of officials.

Politician oftentimes intervenes in the imposition of sanctions on erring business operators.

Organizational set up is not supportive of the regulatory function of the LGU.

Implementation of processes is relative to whoever sits as head. There is no sustainability of implementation.

But all the foregoing are exactly what the BPLS reforms seek to address. What is important is that all those involved in the BPLS reform process are aware that introducing the changes will not be easy and smooth sailing. The biggest challenge is getting everyone aligned. Consider the following thoughts.

The reform will only be effective if everyone involve in BPLS recognizes the principle that as government employee, we are the servants and not the boss. And as servants, it is our duty to see to the comfort and convenience of our masters and not the other way around.



Finally, we have to manage the change process. Towards that are the following recommendations.

OVERCOMING THE CHALLENGES

Change is always faced with opposition.

The mayor should be made aware of the existing situation which is the target of the reform.

The affected offices should recognize the need for reform.

A feedback mechanism should be installed to effectively evaluate and monitor the implementation.

Feedback should be sought not only from the client but also from the employees involved.

In planning for the reform, everyone involved should be required to participate to have a feel of involvement and thereby be an effective agent of change .

Streamlining the business registration process is not an easy undertaking. One of the key requirements for success is the commitment of all people in the local government. It is not just the political will of the leadership, but the collective will of the public servants

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DILG. Primer on RA 9485: the Anti-Red Tape Act of 2007.
http://www.dilg.gov.ph/attachments/0000/0381/primer_anti-red_tape.pdf

Annexes

Annex 1: Joint Memorandum Circular



REPUBLIC OF THE PHILIPPINES

Joint Memorandum Circular No. 01 (Series of 2010)

August 6, 2010

TO: THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI), THE BUREAU OF FIRE PROTECTION (BFP) AND CITY AND MUNICIPAL MAYORS AND CITY AND MUNICIPAL COUNCILS

SUBJECT: GUIDELINES IN IMPLEMENTING THE STANDARDS IN PROCESSING BUSINESS PERMITS AND LICENSES IN ALL CITIES AND MUNICIPALITIES

1.0 Purpose

- 1.1 To disseminate the service standards in processing business permits and licenses which cities and municipalities are enjoined to follow;
- 1.2 To provide the guidelines for streamlining the business permits and licensing systems (BPLS) in cities and municipalities in accordance with the service standards which the national government is setting consistent with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 (ARTA);
- 1.3 To clarify the roles and responsibilities of the Department of the Interior and Local Government (DILG), the Department of Trade and Industry (DTI), and the various cities and municipalities in the country in ensuring the implementation of the BPLS standards.

2.0 Statement of Policies

- 2.1 The government recognizes the importance of improving its growth potential through enhancing its competitiveness at the national and local levels. This can only be achieved through reforms that reduce the cost of doing business in the country and address the other policy issues that discourage international and local investors.

- 2.2 Pursuant to Republic Act No. 9485, all government instrumentalities are mandated to provide efficient delivery of services to the public by reducing bureaucratic red tape and preventing graft and corruption, and providing penalties thereof. The ARTA, which provides the legal basis for re-engineering current business processing systems at the local level, sets benchmarks for processing simple and complex transactions which should be applied to BPLS nationwide.
- 2.3 The DILG and the DTI, as Conveners of the Working Group on Decentralization and Local Government and the Working Group on Growth and Investment Climate, respectively, under the Philippine Development Forum (PDF) agreed to jointly undertake the nationwide streamlining of BPLS. This project is one of the first major undertakings of the Sub-Working Group on Local Investment Reforms which was organized as a result of a Memorandum of Agreement (MOA) between DTI and DILG. Both agencies will conduct the necessary capacity building programs to enable LGUs to comply with the BPLS standards, coordinate with other government agencies involved in the BPLS to similarly streamline operations and assist in generating resources for the BPLS streamlining project.

3.0 Definition of Terms

- 3.1 Action – refers to the written acknowledgement of receipt, approval or disapproval made by a government agency or office on the application or request submitted by the client for processing.
- 3.2 Business One-Stop-Shop (BOSS) – refers to an arrangement where a single common site or location is designated for all concerned agencies in the BPLS system to receive and process applications for business registration thru a streamlined system.
- 3.3 Business Permit – is a document that must be secured from the city or municipal business permits and licensing office for the business to legally operate in the locally.
- 3.4 Business Registration – is a set of regulatory requirements an entrepreneur must comply with to set-up a business entity including, but not limited, to the collection or preparation of a number of documentation, the notarization and/ or verification thereof, submission to various national and local government authorities, approval of application submitted, and receipt of a formal certificate or multiple certificates, licenses, permits, and the likes which confirm the eligibility to operate as a legitimate business entity.
- 3.5 Frontline Service – refers to the process or transaction between clients and government offices or agencies involving applications for any privilege, right, permit, reward, license, concession, or for any modification, renewal or extension of the enumerated applications and/or requests which are acted upon (action) in the ordinary course of business of the agency or office concerned.

- 3.6 Inspection – refers to the action of checking or examining compliances of business establishments to business regulations.
- 3.7 Joint Inspection Team (JIT) – is composite team whose members come from the various LGU agencies implementing business-related regulations created and authorized by the LGU through an Executive Order or Ordinance to conduct joint inspection of business enterprises instead of individual inspections.
- 3.8 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.
- 3.9 Steps – refer to an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses.
- 3.10 Processing Time – refers to the time spent by an applicant from application to receipt of the business permit consisting of transaction time, waiting time and travel time within the site provided by an LGU for business registration.
- 3.11 Unified Form – is a single common document issued by an LGU to a business applying for registration that contains the information and approvals needed to complete the registration process and facilitates exchange of information among LGUs and National Government Agencies.

4.0 BPLS Reform Standards

All cities and municipalities are enjoined to follow the following standards in processing business permits and licenses:

- 4.1 Unified Form.** All cities and municipalities shall use a single unified form in processing new applications for business permits and business renewals (refer to Annex 1: BPLS Unified Form). The unified form consolidates all the information about a business registrant needed by various local and national agencies. The adoption of the unified form is anticipated to contribute to reduction of steps and time in applying for business permits.

4.2 Standard Steps

- 4.2.1** All cities and municipalities shall ensure that applicants for business registration shall follow five (5) steps in applying for new business permits or for business renewals:

- (1) Securing an application form from the city or municipality;
- (2) Filing or submission of the accomplished application form with attached documentary requirements (e.g. SEC/DTI/CDA certificate of registration, location map and *barangay* clearance);

- (3) One-time assessment of taxes, fees and charges;
- (4) One-time payment of taxes, fees and charges;
- (5) Securing the Mayor's Permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

Annexes 2 and 3 illustrate the standard steps which applicants shall follow in securing the Mayor's Permit for new business applications and business renewals.

4.2.2. Compliance with the above standard steps will require the following:

- (1) Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety ordinances, health and sanitation undertaken during the construction stage shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with initial submissions during construction stage will be undertaken within the year after the issuance of the business permit.
- (2) Joint inspection teams composed of the heads and representatives of the Business Permit and Licensing Office, the City/Municipal Engineering Office, the City/Municipal Health Office, the Zoning or City/Municipal Planning & Development Office, the City/Municipal Treasurer's Office and the Bureau of Fire Protection shall be organized to conduct joint inspection of business enterprises as required by law.
- (3) The Joint Inspection Team shall be headed by the Business Permit and Licensing Officer who shall oversee joint inspection operations.
- (4) The Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement that above steps.

4.3 Standard Processing Time. Consistent with ARTA, all cities and municipalities are enjoined to comply with the prescribed time for processing of business registrations, as shown below:

- (1) Processing of new business permits, which is classified as a complex transaction following the ARTA classification, shall not take more than 10 days for the release of the permit. However, LGUs are enjoined to strive for 5 days which is the average processing days in LGUs with streamlined BPLS; and
- (2) Processing of business renewals, which is classified as a simple transaction, shall not take more than 5 days for the release of the permit. However, LGUs are enjoined to strive for one day processing, which is the average processing time in LGUs with streamlined BPLS.

4.4 Signatories. All cities and municipalities shall follow the prescribed number of signatories required in processing new business applications business renewals to five days following the ARTA. However, LGUs are enjoined to require only two (2) signatories, namely, the Mayor and the Treasurer or the BPLO. To avoid delay in the release of permits, alternate signatories (e.g. the Municipal or City Administrator or the BPLO) may be properly deputized by the Mayor.

5.0 Implementation of the BPLS Standards

- 5.1** All cities and municipalities are enjoined to implement the BPLS standards as described in Section 4 above. The government identified priority cities and municipalities whose implementation of the BPLS standards will be closely monitored since these LGUs: (a) constitute the critical mass of establishments in the country; and (b) they have been identified as having good potentials in generating investments in the four priority sectors of government, e.g. business process outsourcing (BPO-IT), tourism, mining and agribusiness. Annex 4 contains the list of priority LGUs.
- 5.2** The government shall be organizing training workshops and coaching sessions for the LGUs in the priority list mentioned in section 5.1 on October-December 2010. At the same time, the government shall be issuing an operations manual to guide LGUs in re-engineering their BPLS to conform to the BPLS standards mentioned in section 4.
- 5.3** The cities and municipalities not included in the priority list per section 5.1 shall undertake BPLS streamlining on their own through enrolment in training programs that will be provided by the LGA and other private sector providers.

6.0 Roles and Responsibilities

6.1 Local Government Units (Cities and Municipalities)

- 6.1.1 The LGUs, represented by the Local Chief Executive/Mayor, shall coordinate with DILG and the DTI in the implementation of BPLS standards and shall:
- (a) organize Technical Working Groups (TWGs) to oversee the implementation of the streamlined BPLS;
 - (b) ensure the participation of LGU representatives in all BPLS reform activities that are initiated by the DILG and DTI at the LGU level;
 - (c) issue and implement the requisite orders, ordinances and directives relative to the BPLS reform; and
 - (d) provide the enabling environment for BPLS reforms, namely, the legal framework, the budget and logistical support necessary in instituting BPLS reform standards to include, but not limited, to manpower, creation of the one-stop-shops, organization and activities of joint inspection teams (JIT) and performance of information and education campaigns (IEC).

6.2 Department of the Interior and Local Government

- 6.2.1 The DILG, together with the DTI, shall coordinate the upscaling of the BPLS reforms nationwide and in coordinating the requirements for BPLS streamlining in LGUs among its regional, local government operations officers, its bureaus and attached agencies.

The Local Government Academy (LGA) under the DILG shall act as the overall coordinator of the nationwide streamlining of BPLS of LGUs. The DILG regional offices, on the other hand, shall organize a regional BPLS Coordination Committee, together with the regional offices of the DTI, to oversee the implementation of the BPLs project at the local level, with membership coming from concerned government agencies, local chambers and other stakeholders;

6.2.2 The DILG, together with DTI, shall organize and co-chair a BPLS Oversight Committee which will provide the overall policy direction in the nationwide up scaling of the BPLS Reforms.

6.2.3 The DILG, as Co-Convener of the Working Group on Decentralization and Local Government under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

6.3 Department of Trade and Industry

6.3.1 The DTI, together with the DILG, shall be responsible for coordinating the implementation of the BPLS reform project nationwide, in coordinating the requirements for BPLS streamlining in LGUs among its regional and provincial offices and in setting up a monitoring system for tracking the progress of LGs in reforming their BPLS. It shall organize and co-chair the BPLS Oversight Committee which will provide the overall policy direction in the nationwide up scaling of the BPLS Reforms.

6.3.2 Considering its mandate to promote investments and enhance competitiveness both at national and local levels, the DTI shall be responsible for identifying the priority LGUs that will be included in the BPLS program and in annually evaluating the list, together with the DILG, based on the sector priorities of the government and other criteria that will be deemed necessary.

6.3.3 The DTI, as Co-Convener of the Working Group on Growth and Investment Climate under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

7.0 Enforcement Clause

This Joint Memorandum Circular shall enforce all the provisions of Republic Act No. 9485 or Anti-Red Tape Act of 2007 and its Implementing Rules and Regulations.

8.0 Separability Clause

If any clause, sentence or provision of this Joint Memorandum Circular shall be invalid or unconstitutional, its remaining parts shall not be affected thereby.

9.0 Repealing Clause

All orders, rules and regulations inconsistent or contrary to the provisions of this Joint Memorandum Circular are hereby repealed or modified accordingly.

10.0 Effectivity

This Joint Memorandum Circular shall take effect immediately.

JESSE M. ROBREDO

Secretary

Department of the Interior and Local Government

GREGORY L. DOMINGO

Secretary

Department of Trade and Industry

Annex 2: BPLS Unified Form

Annex 1 (Page 1 of 2): Application Form for Business Permit TAX YEAR _____ CITY/MUNICIPALITY _____					
<input type="checkbox"/>	New	<input type="checkbox"/>	Amendment:		
<input type="checkbox"/>	Renewal	<input type="checkbox"/>	From Single to Partnership		<input type="checkbox"/>
<input type="checkbox"/>	Additional	<input type="checkbox"/>	From Single to Corporation		<input type="checkbox"/>
		<input type="checkbox"/>	From Partnership to Single		<input type="checkbox"/>
		<input type="checkbox"/>	From Partnership to Corporation		<input type="checkbox"/>
		<input type="checkbox"/>	From Corporation to Single		<input type="checkbox"/>
		<input type="checkbox"/>	From Corporation to Partnership		<input type="checkbox"/>
<input type="checkbox"/>	Transfer:				
<input type="checkbox"/>	Ownership				
<input type="checkbox"/>	Location				
Date of Application:			DTI/SEC/CDA Registration No.:		
Reference No.:			DTI/SEC/CDA date of registration:		
Type of Organization: <input type="checkbox"/> Single <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Cooperative			CTC No.		TIN:
Are you enjoying tax incentive from any Government Entity? () yes () no Please specify the entity:					
Name of Tax payer:					
Last Name		First Name		Middle Name	
Business Name:					
Trade name/Franchise:					
Name of President/Treasurer of corporation:					
Last Name		First Name		Middle Name	
Business Address			Owner's Address		
House No./Bldg. No.			House No./Bldg. No.		
Building Name			Building Name		
Unit No.			Unit No.		
Street			Street		
Barangay			Barangay		
Subdivision			Subdivision		
City/Municipality			City/Municipality		
Province			Province		
Tel. No.			Tel. No.		
Email Address			Email Address		
Property Index Number (PIN):					
Business Area (in sq m):		Total No. of Employees in Establishment:		# of Employees Residing in LGU:	
If Place of Business is Rented, please identify the following : Lessor's Name					Monthly Rental:
Last Name:		First Name:		Middle Name:	
Lessor's Address					
House No./Bldg. No.			Subdivision		
Street			City/Municipality		
Barangay			Province		
Tel. No.			Email Address:		
In case of Emergency:		Contact Person/ Tel No./Mobile phone no./email address:			
Business Activity		No. Of Units	Capitalization (for new business)	Gross Sales / Receipts (for renewal)	
Code	Line of Business			Essential	Non-essential
Oath of Undertaking : <i>I undertake to comply with the regulatory requirement and other deficiencies within 30 days from release of the business permit.</i>					
SIGNATURE OF APPLICANT OVER PRINTED NAME:				POSITION/TITLE	

Annex (Page 2 of 2): Application Form for Business Application No. 000-000-000-0000					
ASSESSMENTS:					
LOCAL TAXES	REFERENCE	AMOUNT DUE	PENALTY/SURCHARGE	TOTAL	ASSESSED BY
Gross Sales Tax					
Tax on delivery vans/trucks					
Tax on storage for combustible/flammable of explosive substance					
Tax on signboard /billboards					
REGULATORY FEES AND CHARGES					
Mayors Permit Fee					
Garbage Charges					
Delivery Trucks/Vans Permit Fee					
Sanitary Inspection Fee					
Building Inspection Fee					
Electrical Inspection Fee					
Mechanical Inspection Fee					
Plumbing Inspection Fee					
Signboard/Billboard Renewal Fee					
Signboard/Billboard Permit Fee					
Storage and Sale of Combustible/ Flammable or Explosive Substance					
Others:					
VERIFICATION OF DOCUMENTS					
Description	Office/Agency	Date Issued	VERIFIED BY: (BPLO Staff)		
Barangay Clearance	Barangay				
Zoning Clearance	Zoning Admin.				
Sanitary / Health Clearance	City Health Dept.				
Occupancy Permit	Bldg. Official				
Fire Safety Inspection Certificate	City Fire Dept.				
Others, please specify:					
_____ Assessment reviewed by:			_____ Approval Recommended by:		
Instructions: 1. Provide accurate information and print legibly to avoid delays. Incomplete application form will be returned to the applicant. 2. Ensure that all documents attached to this application form are complete and properly filled out.					

Annex 6: Sample Monitoring and Evaluation (M & E) Form

<i>General Information</i>							
NAME OF LGU:							
INDICATORS: Income Class Presence of Business One-Stop-Shop (BOSS) BPLS Flowchart installed Customer Complaint Desk (Date of Installation, Desk Officer) Computerized Regulatory System/ Processes							
Nature of Operation of OSS/ PC: Seasonal, pls. specify period Continuous (year round)							
Table 1: Business Permits and Licensing Process							
<i>Considerations</i>	<i>Standard</i>	2008 Base Line	2009 Plan	Actual	Actual vs. Standard	Actual vs. 2008	Actual vs. 2009
Processing Time							
Number of Documentary Requirements							
Number of Steps							
Number of Signatories							
<i>Table 2: Number of Registered Business Establishments</i>							
Particulars	2008		2009		VARIANCE		
Old Establishments							
New Establishments							
Closed Establishments							
<i>Table 3: Permits/Licenses Applied versus Permits/Licenses Issued</i>							
FY	Permits Applied		Permits Issued		<i>Variance</i>		
2008							
2009							
Total							
<i>Table 4: Local revenue collection generated from Permits and Fees</i>							
Category	3 Years Before Current		Immediate Past Year		Current Year		
Business Permits							
Regulatory Fees							
Total							
<i>Table 5: Information, Education, Campaign (IEC) activities conducted</i>							
<i>IEC Activities</i>	Previous Year	Current Year's Plan	Actual Current Year	Variance Actual vs. Plan	Variance Actual vs. Previous		
Number of Establishments Inspected							

Number of Establishments Registered					
Total					
Problems/Issues/Concerns during the implementation of BPLS:					
Remarks:					
Submitted by BPLO:					

Annex 7: Sample Executive Order Creating the Business Permits and Licensing Office

EXECUTIVE ORDER No. 2008-02

CREATING THE PERMITS AND LICENSES OFFICE UNDER THE OFFICE OF THE MUNICIPAL MAYOR

WHEREAS, in compliance with the pertinent laws and regulations and in the pursuit of serving the public efficiently there is a need to create a Permits and Licenses Office under the Office of the Municipal Mayor

NOW THEREFORE, I, TERESITO P. MARIÑAS, by virtue of the power vested in me by law, do hereby order:

Section 1. Creation of PERMITS AND LICENSES OFFICE which shall be headed by a Licensing Officer with the following support staff:

- 1 Licensing Inspector
- 2 Clerks:
 - 2.1 Receiving/Releasing
 - 2.2 Records Maintenance

Section 2. The Office shall be in- charge of the processing of the application of business permit of the various businesses in the municipality.

Section 3. It shall be the duty of the said office to come with the appropriate forms necessary in the processing of business permits

Section 4. The Licensing Officer shall ensure that requirements are complied with before any permit will be issued to the business operator per prescribed process steps.

Section 5. It shall be the duty of the Licensing Officer to establish and maintain a record of all businesses in the municipality.

Section 6. This shall take effect January 1, 2008.

Section 7. Any order contrary to the foregoing are hereby automatically repealed.

DONE this 28th day of December 2007 in the Municipality of Barili, Cebu.

TERESITO P. MARIÑAS

Municipal Mayor

ⁱ The title of RA 9485 is “ AN ACT TO IMPROVE EFFICIENCY IN THE DELIVERY OF GOVERNMENT SERVICE TO THE PUBLIC BY REDUCING BUREAUCRATIC RED TAPE PREVENTING GRAFT AND CORRUPTION,AND PROVIDING PENALTIES THEREFOR”

ⁱⁱ Based on the Primer on RA 9485