Streamlining Business Registration and Licensing Procedures
Experiences from the Philippines and Vietnam

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GTZ’s Approach to Streamlining

- Process-oriented and participatory approach
- Working within the existing institutional structure
- Involving capacity development and public-private dialogue at all stages of the reform process
- Flexible and pragmatic approach in terms of regional and sectoral focus

<table>
<thead>
<tr>
<th>Procedures</th>
<th>Days</th>
<th>Costs (% income per capita)</th>
<th>Min. capital (% income per capita)</th>
<th>Rank (ease of starting a business)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>11</td>
<td>48</td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>11</td>
<td>50</td>
<td>45%</td>
<td>0%</td>
</tr>
</tbody>
</table>

CASE STUDY 1: PHILIPPINES

Small and Medium Enterprise Development for Sustainable Employment Program – SMEDSEP

- Program start: January 2004
- Overall objective: to contribute to the improvement of the business environment in the Philippines (focus: Visayas)
- Business registration: focus on local level
  - Decentralized country
  - “Mayor’s permit” one of the most time and cost intensive procedures
- Quick and tangible results
- 2 pilot cities: Ormoc, Bacolod
Four - Phased Approach

**Diagnosis**
- Jan. 2005
- Time & Motion Study
  - Baseline information
    - Steps
    - Time
    - Requirements
  - Validation by SMEs

**Planning**
- Action Planning Workshop
  - Participants
    - LGU officials
    - National gov. agencies
    - Chamber of commerce
    - SMEs
  - Bringing in of good practices and benchmarking tools

**Implementation**
- Implementation of Action Plan
  - Milestones achieved
    - MOA & technical committee
    - Removal of steps and requirements
    - Pre-registration and post-audit inspections
    - Customer service training
    - Improvement of information dissemination

**Evaluation**
- Jan. 2006
- Time & Motion Study
  - Evaluation
    - Steps, time, requirements
    - Training of LGU staff to apply tool
    - Customer feedback survey
  - Validation by SMEs, LGU, national gov. agencies, chamber of commerce
## Key Results

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ormoc</th>
<th>Bacolod</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>No. of steps to get permit - renewal/new</td>
<td>14/17</td>
<td>5/10</td>
</tr>
<tr>
<td>No. of days to get permit</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>No. of documents and forms required</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>No. of permits approved during registration period</td>
<td>2 013</td>
<td>2 681 (↑24.9%)</td>
</tr>
</tbody>
</table>
Increasing the outreach of reforms

Peer Learning at the local level
- Tangible results generated interest of other LGUs
- Documentation of pilot cities’ experiences in short video
- Publication of good practices in 16 LGUs in multi-stakeholder activity

“Bubbling up” lessons learnt into the national policy dialogue
- Feeding back experiences from the local level to national government agencies, Leagues of Cities, Philippine Chamber of Commerce and Industry
- Agreement by SME Group to focus on and coordinate activities in streamlining business registration
Success factors

- Political will and commitment of the Mayor
- Full support of LGU employees, i.e. Business Permits and Licensing Office (BPLO) Chief
- Participatory process that brings together public and private partners and builds consensus and local ownership

Lessons learnt

- Signing of a MOA as a prerequisite for starting the process to ensure commitment
- Setting up a technical working group to establish public-private dialogue
- Bringing in good practices of other LGUs to create competition and secure buy-in of all stakeholders (peer learning)
- “Bubbling up” experiences from the local to the national level to increase outreach of reforms
- Building up LGUs’ capacity to monitor and evaluate the business registration and licensing procedures
CASE STUDY 2: VIETNAM

Small and Medium Enterprise Development Programme

- Programme start: May 2005, with policy advise activities being carried forward from a previous SME Promotion Project which started in 2003
- Overall objective: to improve the competitiveness of private small and medium enterprise in Vietnam
- Business registration: focus on national level
  - Despite numerous reform, particularly the introduction of the Enterprise Law in 2000, constraints to do business remained
  - The freedom to do business is constrained by business licenses, with one new license being introduced every week
  - No mechanism in place to monitor the introduction of new business licenses and the quality of the newly introduced ones
Support by GTZ Vietnam and Results Achieved

- Research on business licensing
- In cooperation with national stakeholders like CIEM, PMRC and VCCI
- Policy recommendations are locally owned
- Good combination of international best practices and knowledge on local context

“…only the Government is allowed to provide the list of conditional and prohibited business lines …”

“…the Government will, on a periodical basis, carry out a full or partial review on the business licenses and conditions. On that basis, unreasonable business licenses will be removed…”

(Enterprise Law 2005)
Support by GTZ Vietnam and Results Achieved

- A much stronger awareness about business licenses have been raised
- The change in the mindset of government bodies and their actions in the field of business environment could also be seen
- International best practices in terms of business licensing are integrated into laws and regulations
- A mechanism which requires ex-ante assessment of the impacts (RIA) before any business license is introduced, elaborated and discussed with national stakeholders
Success Factors

- The activities should always start at perceived needs of national stakeholders. Donors cannot create national ownership for policy – only strengthened it
- Involving different stakeholders from the public and private sector and establishing alliances among them is important to build up the momentum for policy reforms
- Cooperating closely with the media increases the outreach and leverage of donor support

Lessons Learnt

- Changing the mindset of the most important stakeholders and developing their capacities is important for the sustainability of reforms
- Strong cooperation with other donor projects plays a critical role
- Be flexible in introducing tools and best practices to national stakeholders, e.g. use of RIA in business licensing reform
Conclusions from the Philippines and Vietnam

- Political will and commitment of the partner government is crucial
- Donors cannot create ownership for policy – only strengthen it
- To build momentum for reforms, public and private sector stakeholders need to be involved and alliances established
- Strong champions should be involved as they bring in knowledge and networks, give credibility to recommendations or demonstrate local ownership
- To increase outreach, good practices need to be documented, disseminated and replicated
- Through donor harmonization and alignment leverage of support and outreach of reforms can be increased
Thank you for your attention!

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